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S. to Offer rth Korea road Plan For Peace

Proposals to Include Security Steps and Development Aid

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The United States will propose next week that North and South Korea work out new ways of reducing military tensions and avoiding an inadvertent war — possibly by establishing a hot line for communicating in a crisis, exchanging military visits and providing notification of military maneuvers, U.S. officials say.

Washington also will signal its willingness to help North Korea cope with a worsening famine and rebuild its shattered agricultural system by arranging for badly needed fertilizers and pesticides to increase yields.

American officials also will propose helping in reforestation of some of the vast North Korean landscape stripped of trees for fuel.

These are among the ideas that officials of the Clinton administration say they want to explore in forthcoming negotiations involving the four nations that signed the 1953 Armistice to end the Korean War — the two Koreas, China and the United States.

The four-party talks were first put forward by Washington and Seoul in April 1996 and tentatively accepted by North Korea last month.

The precise timing, agenda and site for the negotiations are to be discussed Tuesday by officials of the four countries at a meeting at Columbia University in New York.

Washington wants negotiations to begin in September in Geneva — the site of an earlier agreement between the United States and North Korea that shut down the North's nuclear weapons program, the officials said.

The four-party negotiations, once they get under way, may last a year or more and will probably be difficult, an official said.

The four countries have already agreed that the central aim is to replace the armistice with a permanent peace accord. But they have not begun to address the issue whether the new accord should be a formal treaty and how any military disputes that occur in the meantime should be settled.

The official said Washington prefers that the agenda be "very generalized"

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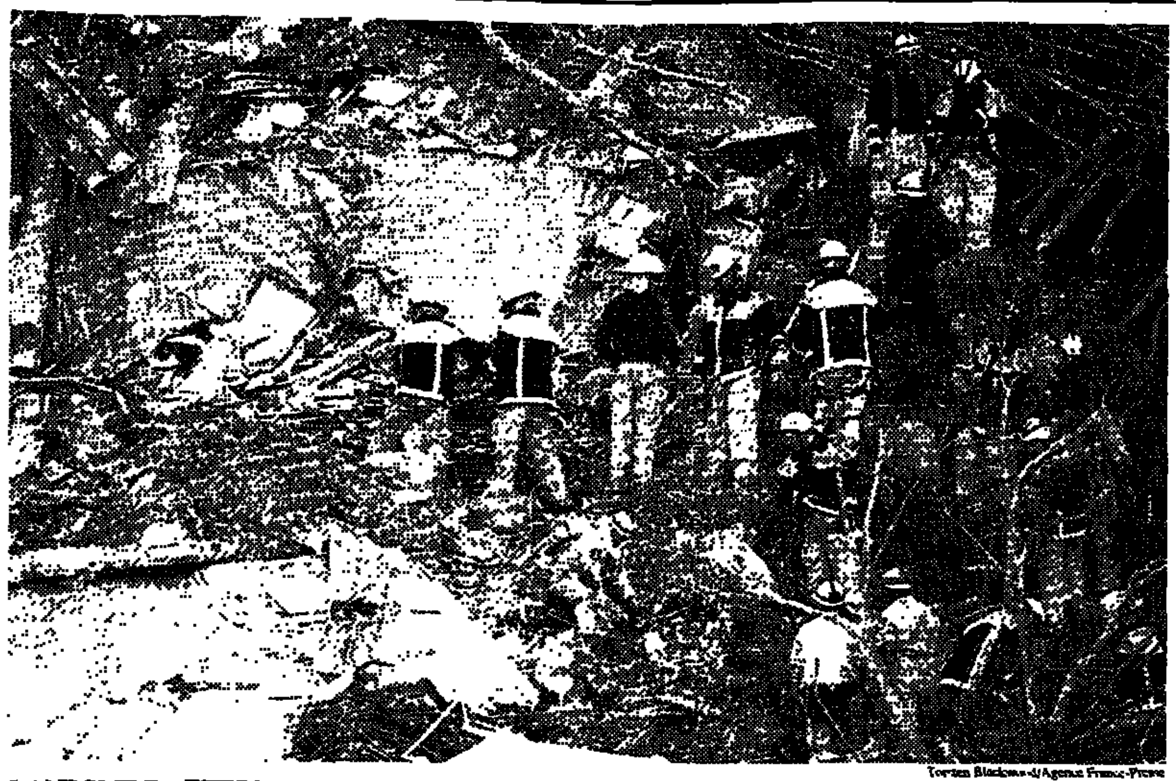

Torsten Blackwood/Agence France-Presse

LANDSLIDE AFTERMATH — Rescue workers searching for survivors Thursday amid the ruins of two ski lodges in southern Australia. Police estimate at least 20 people were trapped under the debris. Page 4.

In Deep Blue Sea, a Trove of History

Nuclear Submarine Helps High-Tech Explorer Find Ancient Ships

By Ken Ringle
Washington Post Service

WASHINGTON — Robert Ballard, an explorer, sailed into the National Geographic Society with photographs and artifacts of what he described as the largest concentration of ancient shipwrecks ever found in the deep sea.

But his presentation underlined a rarely appreciated fact about the once highly secretive world of deep-ocean search and discovery: Almost every man-made object ever sunk in the seven-tenths of the world covered by water is now recoverable.

In the age of computer imaging and fiber-optic cable, the world may have lost forever the term "lost at sea."

Mr. Ballard's mediagenic discoveries of the doomed Titanic and the German battleship Bismarck have made him a kind of underwater Indiana Jones. But a six-week expedition to the Mediterranean in May and June, using the world's only nuclear submarine with wheels, yielded eight ships, and thousands of artifacts spanning more than 2,000 years of human history.

At one point, he said Wednesday, the borrowed 13-man U.S. Navy submarine NR-1 "was finding a Roman ship every other day. We had to tell them to stop."

Since the end of the Cold War, a wealth of undersea technology has emerged from military secrecy to civilian availability. The advances have included satellite-based global positioning systems — once both classified and prohibitively expensive, now under $200; computer-enhanced sonar imagery, which turns sound echoes of underwater objects into color pictures, and vastly improved fiber-optic cables.

On Wednesday, Mr. Ballard was touting new software permitting digitized mapping and exploration of each wreck site's various levels so quickly and so precisely that "someone will be able to come along later and re-excavate it on a computer in a different way asking a different set of questions."

Anna Marguerite McCann, adjunct professor at Boston College and the expedition's chief archaeologist, said that "this sophisticated technology has come along at just the right time."

She pointed out that the Institute of Nautical Archaeology has spent 11 years excavating a single Bronze Age wreck in Turkey with the traditional hand tools of divers and underwater archaeology.

But the mapping techniques Mr. Ballard experimented with on his latest expedition, he said, permitted the compilation of an exact electronic-camera photo mosaic of one entire wreck in just four hours — an extraordinary acceleration of work possibilities on the ocean floor.

While such savings are crucial in

See TREASURE, Page 12

Ron Edmonds/The Associated Press

Robert Ballard at the National Geographic Society in Washington.

Israel Threatens To Send Troops to Palestinian Areas

It Also Urges Donors to Stop Aid to Arafat's Government

The Associated Press

JERUSALEM — Israel threatened Thursday to send security forces into Palestinian-ruled areas to arrest militants if Yasser Arafat failed to rein them in, one of several measures announced in the wake of a double suicide bombing that killed 15 people in a central market.

Israeli troops arrested 28 Palestinians on Wednesday night and early Thursday, ordered the arrest of the Palestinian police chief and asked the United States and other foreign donors to suspend aid to the Palestinian Authority.

Prime Minister Benjamin Netanyahu said he would not be limited by borders in the pursuit of the attackers.

"I will do whatever is necessary, wherever we think it is necessary, at the time we think it is necessary," he said. "We don't preclude any possibilities."

Nabil Abourdeineh, an Arafat spokesman, speaking to reporters in Jericho, condemned Israel's decisions.

N.Y. police find bomb materials in a Brooklyn apartment. Page 12.

"These dangerous measures, if they are continued, will destroy the peace process," he said.

Mr. Abourdeineh said Israeli and Palestinian security officials held three meetings after Wednesday's attack.

"Even though we have no responsibility for this attack, we share the understanding that it is a very dangerous situation," he said. "We ask the government to respect the agreement and come back to negotiations."

Israel suspended peace talks immediately after the Wednesday afternoon blasts. Other measures included stopping the flow of tax revenues to the Palestinians and jamming Palestinian radio and television stations.

Israeli troops arrested the families of two young Palestinian men in Dahariya, a village south of Hebron, early Thursday. Relatives said the men, who were known Hamas activists, disappeared more than six months ago.

The families were taken to the morgue to see the bodies of the bombers and said they could not identify them, Israel Radio reported.

The bombers had been disguised as Orthodox Jews. They carried briefcases packed with explosives and nails into

See ISRAEL, Page 12

At Market Blasts Hit, Defiance And Grief

Compiled by Our Staff From Dispatches

JERUSALEM — Merchants reopened stalls and Israelis crowded into the Mahane Yehuda open-air market Thursday in a show of defiance a day after 15 shoppers were killed there by two Palestinian suicide bombers.

"Nobody can frighten Jerusalem people away from the market," said Yigal, a fruit seller.

But the mood was a mixture of grief, vengeance and perplexity.

"An eye for an eye; we must avenge ourselves. The Arabs hate us and understand only war," said Kokhava Yacov, 61.

Israel Cohen, 61, a war veteran with two artificial hands and scars from burns on his face, said he lives in Tel Aviv. But he took a day off work and came especially to express solidarity with the people at Mahane Yehuda.

"They will never gain anything by bombing," he said. "The only way they will achieve anything is by dialogue."

A woman was arguing with Moshe Shachar, chairman of the Mahane Yehuda Market Committee. "Why do you let Arabs work in the market?" she said. "You let them earn a living here and look how they repay you."

"It wasn't the Arab workers who brought the bombs," Mr. Shachar replied. "It was two extremists. Do you want peace or not? If you do, you can't prevent a Palestinian from earning a living."

It was only in the narrow Tapuach Street, where the two explosions took place, that the bustle

See MARKET, Page 12

Kohl to Put Tax Defeat To Use in His Campaign

By John Schmid
International Herald Tribune

FRANKFURT — Chancellor Helmut Kohl's government will try to turn a stinging legislative defeat into an electoral strategy this fall after an opposition-controlled parliamentary committee on Thursday rejected his far-reaching proposal to overhaul the tax system and revitalize the economy.

Although the decision rendered tax reform all but a lost cause, the government vowed to make another attempt to pass the package as part of Mr. Kohl's re-election campaign before parliamentary elections next year.

The government vowed to start a new round of negotiations in September between the Bundestag, where Mr. Kohl's allies hold a majority, and the opposition-controlled Bundesrat, which consistently has resisted his plan to trim 30 billion Deutsche marks ($16.3 billion) from the national tax burden.

By forcing the opposition Social Democrats again to reject tax reform measures, Mr. Kohl hopes to portray the left-leaning opposition as enemies of change and secure victory for his Christian Democrats in the 1988 elections.

Mr. Kohl's finance minister, Theo Waigel, said another round of negotiations would show "who wants reforms and who does not."

"We will fight politically for this reform," Mr. Waigel said. "If this doesn't happen, then the SPD alone must bear the responsibility."

Mr. Kohl's drive to cut tax rates and restructure Germany's maze of levies has become synonymous with Germany's ability to compete internationally.

Backed by business leaders, Mr. Kohl

See GERMANY, Page 12

Michael Urban/Reuters

German Finance Minister Theo Waigel, right, and the labor minister Norbert Bluem, at a news conference in Bonn after the vote Thursday.

French Joblessness Hits 12.6%, a Postwar Record

By Joseph Fitchett
International Herald Tribune

PARIS — France's unemployment has edged upward to a postwar record 12.6 percent of the potential work force — a trend sharpening the political challenge for the new Socialist government to deliver on its pledge to turn around the country's worsening joblessness.

Raising the total of job-seekers to 3,130,900, the official figures for June, released Thursday, marked an unexpected further deterioration after May, when France registered its worst monthly increase in joblessness since October 1993.

The two-month increase, adding nearly 50,000 to the jobless total, dealt a blow to prospects that unemployment had bottomed out or even eased as some people had hoped after a brief uptick in jobs in the months before the previous conservative government called — and lost — a snap election in June.

Taking a cautious line, the government of Prime Minister Lionel Jospin has said that unemployment cannot be expected to drop before late next year

U.S. pushes France to seek new air-transport accord. Page 12.

and may not even stabilize until late this autumn after an initial round of hirings in a plan to employ 350,000 young people in the public-service sector over the next five years.

Already, Mr. Jospin's team has started coming under fire from some trade unions for being too timid in its preliminary job-creation proposals, which are due for negotiation this autumn in a

See FRANCE, Page 12

U.S. Data Show Inflation and Growth Cool Enough

By Erik Ipsen
International Herald Tribune

NEW YORK — The roar in the engine room of the U.S. economy subsided to a comforting purr in the second quarter, figures released Thursday showed, allaying fears of an overheating that might rekindle inflation, push up interest rates and bring the astounding bull market to its knees.

U.S. gross domestic product grew at a 2.2 percent annual rate in the April-June quarter, less than half the average pace in the previous two quarters, according to the Commerce Department.

Even more encouraging, the government reported that a key measure of inflation dropped to its lowest level in 33 years in the second quarter. The closely watched GDP price deflator showed prices creeping upward at an annual rate of 1.4 percent, well down from the still modest rate of 2.4 percent posted in the first three months of the year.

"This was the good news that the market has been waiting for for months," said Cary Leahey, chief U.S. economist at High Frequency Economics in Valhalla, New York.

In fact, so good were the official statistics emanating from Washington on Thursday that some economists found them hard to explain.

"I have explanations for why inflation is not picking up, but they get stretched a bit thin when inflation in fact continues to edge downward," said Rosanne Cahn, an economist with Credit Suisse First Boston.

With an economic recovery into its seventh year and with unemployment at 30-year lows, some economists had expected inflation to rise in the face of increasing shortages of labor and materials. A hint that there may yet be a bit of life in the old inflationary dragon caused bond and stock prices to pull back from their early gains Thursday.

Those indications came from a report by the Chicago Purchasing Management Association, which said that manufacturing in the Midwest had slumped slightly in June and that, in response, its index of prices paid had jumped to 60.6 in July from 53.7 in June. That news stopped the advances in stocks and bonds, although the bond market was rising again near the end of the trading session.

Die-hard inflation-watchers, known as "hawks," continue to insist that price

See INFLATION, Page 12

The Dollar

New York	Thursday @ 4 P.M.	previous close
DM	1.8383	1.8365
Pound	1.6404	1.629
Yen	118.675	118.385
FF	6.1984	6.1935

The Dow

	Thursday close	previous close
-32.28	8222.61	8254.89

S&P 500

change	Thursday @ 4 P.M.	previous close
+2.00	954.31	952.31

Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1.600 CFA	Qatar	10.00 QR
Egypt	£E 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1.100 CFA	Senegal	1.100 CFA
Italy	2,800 Lire	Spain	225 Ptas
Ivory Coast	1.250 CFA	Tunisia	1.250 Din
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

AGENDA

Murdoch Is Closer to Owning Dodgers

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The Intermarket Pages 6-7.

The IHT on-line http://www.iht.com

The seemingly glacial pace of selling an American major league baseball team picked up when the sport's ownership committee agreed to let the owner of the Los Angeles Dodgers, Peter O'Malley, open the team's books to the Fox television network and the network's owner, Rupert Murdoch.

Mr. O'Malley called the decision an important step. "I'd say we're in the seventh inning of a nine-inning game," he said of the proposed sale, announced on Jan. 6. Page 20.

Clinton Replaces Air Force Chief Who Quit

WASHINGTON (Reuters) — President Bill Clinton on Thursday named General Michael Ryan, commander of U.S. air forces in Europe, as air force chief of staff. He will succeed General Ronald Fogleman, who resigned Monday in anticipation of a Pentagon decision to hold another air force general, Terryl Schwalier, responsible for failing to guard adequately against the truck bomb that killed 19 U.S. airmen in Saudi Arabia last year. Page 5.

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A Forgotten Hero / **Casualty of the Civil Rights Era**

Overlooked 'Fighter' Gets Some Recognition

By Rick Bragg
New York Times Service

MILLEDGEVILLE, Georgia — A hero of the freedom movement marches still, but only across clean, quiet grounds, through hallways of vacant stares and dreamy, narcotic smiles.

In what history refers to as the Albany Movement, an 18-year-old college freshman named Ola Mae Quarterman defied the racism that gripped southern Georgia in 1962. When a driver ordered her to the back of a bus, she told him, "I'll sit where I want." A judge gave her 30 days.

Heroes are made this way. The legend of Rosa Parks, a living legend of the civil-rights movement after the 1955 Montgomery, Alabama, bus boycott, was born in such a way.

But Ms. Quarterman's story did not ring out from Albany, which was in many ways a testing ground for the nonviolent strategies that would prove so effective in Birmingham, Alabama, and elsewhere. There was no decisive, poignant victory for Albany. The Reverend Dr. Martin Luther King Jr. left the city in disappointment, and national attention gradually died away.

Ms. Quarterman, like many others who took such risks, has paid a price for her moment in history. She was ostracized, she said, not only by an angry white community but by some in the black establishment who opposed the civil-rights movement. She was expelled from a black college, Albany State. Later, when she needed work, no one would hire her.

Bitter disappointment, aggravated by a difficult childbirth that left her weak and sick, was finally too much for her. Her mind drowned in its own sadness.

"I had a nervous breakdown in 1965," she said, walking in hot summer sunlight at Central State Hospital, the state's psychiatric institution. "I've been here ever since."

She has all but disappeared inside the long hallways of this red-brick complex, like some half-forgotten heirloom in a dusty attic trunk. Now and then some kind person with a respect for history will find her, polish her legacy with a ceremony or some other honor, and then put her back.

She is 53 now, and her commitment to the hospital is voluntary.

As she recently neared a patch of tall, yellow sunflowers, she leaned close to a visitor to share a secret. "They gave me shock treatments," she said, "till I couldn't remember how to count."

That was a long time ago, when she first came to the hospital. In time, the hospital's long-term-care division became a home. Staff members — a few of them know of her history — treat her with warmth and respect, and she calls them "my family."

While there is no scientific link between the events of 1962 and her condition, diagnosed as chronic paranoid schizophrenia, she wonders what her future would have been if her fleeting glory had not been snuffed out so soon.

"People got results from it," she said. "But it didn't do me any good."

Even with all she has to remember, Ms. Quarterman is not morose or lost. Her words are faintly slurred, but her mind seems quick, direct. Her smile is almost nonstop. It slips when she remembers the worst of life, then clicks back into place, as if it is on automatic.

"I wish that hurt would just fly away," she said.

Finally, in the hindsight of history, she is getting credit for the sacrifices she made, honored with a few proclamations and ceremonies.

"What America has done with the civil-rights movement is to pick who they want to represent what happened," said Jane Austin-Taylor, who owns the Austin-Taylor Mortuary in Albany. "Those were the people on stage. They weren't the ones bearing the brunt" of retaliation inside the community.

Ms. Austin-Taylor staged a recognition ceremony for Ms. Quarterman two years ago. "She was the root of the civil-rights movement in Albany," Ms. Austin-Taylor said. "Then 'the names' came in and took over. You look in history books, you see her name nowhere."

Alan S. Weiner/The New York Times

Ola Mae Quarterman, briefly a symbol of the civil-rights movement, has spent 32 years in a Georgia psychiatric hospital.

While Ms. Quarterman's name has been lost in the civil-rights struggle as a whole, it does appear briefly in some chapters about Albany. In a chapter from his 1987 book "Bearing the Cross," David Garrow wrote:

"On Friday, Jan. 12, an 18-year-old black student, Ola Mae Quarterman, was arrested for refusing to move to the back of an Albany city bus and for allegedly saying 'damn.'"

She knew what she was risking that day.

She had picked what seemed like a million miles of cotton to make enough money to go to college in Albany. She desperately wanted to break free of the cycle of stoop labor that so many others traveled, season after season.

"I just wanted to better myself," she said. She wanted to major in sociology and counsel people with troubles.

She was smart and sweet. Everybody said that. But she was also full of the fire of the moment. On the matter of civil rights she was outspoken, which was a dangerous thing in the South in 1962.

Like other cities where the realities of living sometimes overcame ideals, Albany had a black community that was divided.

"The people here, and the power structure, had devised a method of controlling blacks," said Walter Johnson, publisher of The Community Examiner, a newspaper that serves black readers in Albany. "They used a divide-and-conquer plan."

The Albany Movement relied heavily on young people for sit-ins, voter-registration drives and marches. Ms. Quarterman joined that nonviolent army, even though the Albany State college president vowed to expel any students who were arrested.

Ms. Quarterman ignored the dangers. She traveled around the southern part of the state, registering people to vote. She was captivated by Dr. King's speeches and the words of other less famous men and women who spoke from pulpits and picket lines about a world on the brink of momentous change.

"She was always outspoken, what we used to call a fighter," said Arthur Seales Sr., the retired editor and publisher of The Albany Southwest Georgian and one of the leaders of that movement. "Asking her not to attend a demonstration was like asking a bull not to fight in the ring."

HER MOMENT in history happened almost by accident. It was not even so much that she wanted to sit in the front of the bus, or that she disliked the back.

"I just wanted to see the scenery," said Ms. Quarterman, and the only window seat that day was in the front. She took it. Some drivers did not mind, but this one did. He ordered her to the back.

"I said, 'I paid my damn 10 cents and I'll sit where I want,'" she said. "Then he stuck his finger in my face. I don't like nobody to stick their finger in my face. I said, 'Get your damn finger out of my face.' Just like that."

The driver, apparently, had never been talked to that way by a black person.

"He said I cussed him out," she said. "But I didn't."

He stopped the bus and found a police officer. "The policeman said, 'Come on, Ola Mae,' and locked me up," she said. She was charged with disorderly conduct but was also chastised for being disrespectful to the driver and for cursing. She refused to pay a $102 fine and served 30 days in jail.

Her arrest moved the leaders of the movement to boycott the city's bus lines, which largely served black people. Bus service came almost to a halt as Ms. Quarterman became the boycott's figurehead.

"That was the beginning of it," said Mr. Seales, who handled public relations for the movement.

But it was also, in many ways, the end of everything.

The college president kicked Ms. Quarterman out of school because she had disobeyed him. Four other students who were expelled for the same reason got scholarships to other colleges, in part because of that involvement. But Ms. Quarterman was somehow passed over, perhaps because she was so outspoken and so young.

"She was too hot to handle," Mr. Seales said.

Did 2d Gas Plume Hit U.S. Troops?

Iraqi Depot Hit in Gulf War May Have Exposed Thousands

By Philip Shenon
New York Times Service

BUFFALO, New York — The United Nations has announced that clouds of chemical weapons may have been released from a second large Iraqi ammunition depot in the vicinity of American troops during the 1991 Gulf War, raising the possibility that the number of troops exposed to chemical weapons could be far larger than the Pentagon's latest estimate of as many as 100,000.

UN weapons inspectors said Tuesday that Iraq informed them only last year that hundreds of rockets filled with mustard gas and nerve gas had been stored during the war at the depot in Ukhaydir in southern Iraq, about 185 miles (295 kilometers) north of the Saudi city of Rafha, where thousands of American troops were deployed.

The United States received this evidence earlier this year. On Tuesday, the Pentagon and the Central Intelligence Agency confirmed that the Iraqi site had been bombed on Feb. 14, 1991, and that the United States now presumed that the bombing by the American-led military alliance had released a plume of chemical weapons.

They said that preliminary computer models suggested it was unlikely that the cloud had reached American troops in Saudi Arabia, although more modeling was needed before it could be ruled out.

"Obviously you don't want to end up alarming people about a situation like this," said Robert Walpole, who is overseeing the CIA investigation of chemical exposures during the Gulf War.

He acknowledged that if all of the hundreds of rockets had been destroyed at the site, the plume of chemicals would have "come close" to American troops in Rafha, but he said that it was highly unlikely.

This is the second time in two years that the UN weapons inspectors have provided the Pentagon with unwelcome news about the possible exposure of American troops to chemical weapons. They are testifying in Buffalo at a regional meeting of the Presidential Advisory Committee on Gulf War Veterans' Illnesses, a special investigative panel.

For more than five years after the war, the Defense Department had insisted that it had no evidence to suggest that American troops had been exposed to Iraqi chemical weapons — and no answers for the thousands of veterans who had complained of mysterious health problems.

Last year, however, the Pentagon reversed itself and announced that it had received evidence from the United Nations suggesting that American troops had been exposed to a cloud of the nerve gas sarin when they blew up a sprawling Iraqi depot in the southern Iraqi village of Kamisiyah, in March 1991, shortly after the war.

Initially, the Pentagon suggested that only a few hundred American soldiers might have been exposed to chemical weapons released from Kamisiyah. But the estimate has grown repeatedly over the last year, and last week the Pentagon announced that its latest computer models showed that the plume of nerve gas had passed over as many as 98,900 American troops, or about 1 out of every 7 American soldiers who served in the war. Saudi and Iraqi civilians may have been contaminated as well.

James Turner, chief investigator for the White House panel, said that Tuesday's announcement on Ukhaydir was "obviously a significant development" given the possibility that many more troops were exposed to chemical weapons than previously thought.

"We need to do modeling to determine whether there was any U.S. downwind hazard from that bombing," he said.

The committee, which includes scientists and physicians, was created by President Bill Clinton in 1995 to investigate the ailments being reported by thousands of Gulf War veterans. More than 100,000 veterans have sought special medical checkups from the Defense Department and the Department of Veterans Affairs.

In a report in January, the committee said that chemical weapons were probably not responsible for the veterans' health problems, although it called for millions of dollars in new research on the health effects of exposure to low levels of chemical weapons.

Senators Advance Clinton Nominations

By Steven Lee Myers
New York Times Service

WASHINGTON — Senator Jesse Helms may be blocking William Weld's nomination as ambassador to Mexico, but his committee has moved to approve nominees for a raft of positions in the State Department and at U.S. embassies.

The Senate Foreign Relations Committee, which Mr. Helms heads, voted Wednesday to recommend the confirmations of 19 nominees, including some which had just been appointed.

The nominations, some of which would fill important posts that have been vacant for months, now move to the full Senate for consideration.

The nominees approved Wednesday included Felix Rohatyn, the investment banker from New York, nominated to be ambassador to France; John Kornblum, the assistant secretary of state for European and Canadian affairs, as ambassador to Germany; James Collins, a special envoy to the former Soviet republics, as ambassador to Russia, and Philip Lader, former director of the Small Business Administration and founder of the "Renaissance Weekend" retreats, as ambassador to Britain.

The flurry of activity by the committee followed a squabble between Mr. Helms and Senator Thomas Daschle, the Democratic minority leader, who accused Mr. Helms last week of stalling Mr. Clinton's nominations.

In a statement, Secretary of State Madeleine Albright noted that 57 of 67 people nominated for diplomatic posts this year had already been approved by the committee. The statement said the approvals reflected the "excellent working relationship" between the Senate and the executive branch on diplomatic appointments.

The committee also recommended approval for a series of nominees to be senior aides to Mrs. Albright. They included Bonnie Cohen, a former assistant secretary at the Department of the Interior, to be undersecretary of state for management; David Andrews, a former deputy general counsel at the Department of Health and Human Services, to be the State Department's legal adviser; Marc Grossman, a former ambassador to Turkey, to be assistant secretary of state for European and Canadian affairs, and Stanley Roth to be assistant secretary of state for East Asian and Pacific affairs.

TRAVEL UPDATE

Paris Tourist Bonanza

PARIS (AFP) — Paris is heading for a record tourist year, buoyed especially by British visitors reaping the benefit of favorable exchange rates, according to a study.

Visits by the British are up by 17 percent. After the British, U.S. nationals are the most numerous, with visits up 9 percent. They are followed by Germans (up 14 percent) and Japanese (13 percent).

So many New Yorkers tried to call friends and relatives in Israel on Wednesday after learning of the bombing in Jerusalem, the international phone lines became jammed. Now, this special, temporary number has been established: (212) 442-9490. *(NYT)*

Saturday will be the most difficult day of the year on French roads as July vacationers cross paths with those beginning their holidays in August. *(AFP)*

The railroad between Hong Kong island and the new airport on the outlying island of Chek Lap Kok has been linked up, a spokesman for the Mass Transit Railway Corp. said Thursday. A spokesman for Hong Kong's Airport Authority said the exact opening date for the airport would not be decided until September. *(AFP)*

In this Saturday's

MONEY REPORT

Investing on Vacation

What to buy when you go away.

INTERNATIONAL Herald Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST
THE WORLD'S DAILY NEWSPAPER

DEATH NOTICE

KENNEDY
Terence Frank (Teddy)
In London on 29 July in his 90th year. Requiem Mass will be held at the Church of the Immaculate Conception, Farm Street, London W1 at 10.00 am on Tuesday, 5th August followed by interment in France. Donations in lieu of flowers should be sent to the Kennedy Institute of Rheumatology, 1 Aspenlea Road, London W6 8LH. Sadly missed by his partner John Henderson and his family and many friends worldwide.

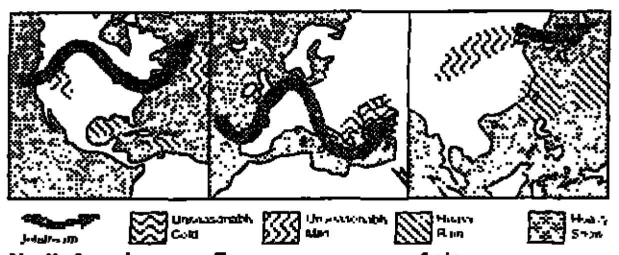
This way to

THE INTERMARKET

Don't miss it. A lot happens there.

WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.



North America
Hot in New York City and Washington, D.C., Saturday, but it could thunderstorm late in the day or at night, cooler by Sunday or Monday. Typical summertime heat and humidity this weekend in Houston and Dallas. Breezy and cool Sunday and Monday in Montreal.

Europe
Cool for the summer in Athens this weekend, while Istanbul can have a few showers. At least partial sunshine Saturday and Sunday in London, Paris, Brussels and Hamburg. Partly cloudy over the weekend in Lisbon, a shower or two cannot be ruled out.

Asia
A developing tropical storm could bring torrential, flooding rains to Taiwan and southeastern China this weekend and into Monday. Beijing will have hot weather this weekend, even though it could thunderstorm. Mostly sunny and seasonably hot in Tokyo Saturday and Sunday.

Europe

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Algarve	30/86	19/66 s	29/84	20/68 s
Amsterdam	19/66	18/64 r	24/75	13/55 s
Ankara	30/86	12/53 pc	31/88	14/57 pc
Athens	31/88	22/71 pc	31/88	23/73 pc
Barcelona	26/79	19/66 s	28/82	22/71 pc
Belgrade	30/86	16/61 pc	29/84	19/66 pc
Berlin	19/66	13/55 sh	24/75	13/55 pc
Brussels	18/64	17/62 r	25/77	13/55 s
Budapest	21/70	16/61 r	24/75	17/62 r
Copenhagen	21/70	14/57 pc	21/70	11/52 pc
Costa Del Sol	31/88	19/66 s	31/88	22/71 s
Dublin	23/73	16/61 sh	21/70	10/50 pc
Edinburgh	23/73	11/52 sh	19/66	13/55 pc
Florence	28/82	14/57 c	27/80	18/64 s
Frankfurt	18/64	12/53 r	24/75	12/53 pc
Geneva	18/64	15/59 r	31/88	17/62 pc
Helsinki	23/73	13/55 pc	22/71	13/55 sh
Istanbul	30/86	15/66 s	29/84	21/70 pc
Kiev	24/75	17/62 sh	27/80	17/62 pc
Las Palmas	25/77	18/64 s	24/75	19/66 s
Lisbon	31/88	21/70 s	30/86	21/70 sh
London	26/79	19/66 c	26/79	14/57 s
Madrid	35/95	18/64 s	37/98	21/70 pc
Mallorca	24/75	21/70 s	28/82	22/71 pc
Milan	27/80	15/59 c	29/84	21/70 pc
Moscow	27/80	19/66 r	27/80	17/62 pc
Munich	19/66	9/48 sh	21/70	15/59 c
Nice	26/79	19/66 c	27/80	22/71 pc
Oslo	23/73	14/57 pc	22/71	13/55 sh
Paris	24/75	16/61 c	27/80	14/57 pc
Prague	17/62	11/52 sh	23/73	14/57 c
Reykjavik	14/57	12/53 r	14/57	10/50 pc
Riga	25/77	16/61 pc	26/79	17/62 pc
Rome	27/80	17/62 pc	30/86	21/70 pc
St. Petersburg	24/75	16/61 s	26/79	18/64 pc
Stockholm	21/70	16/61 r	22/71	13/55 sh
Strasbourg	21/70	15/59 r	25/77	18/64 s
Tallinn	22/71	13/55 pc	22/71	14/57 sh
Tbilisi	33/91	19/66 pc	32/89	22/71 pc
Venice	25/77	13/55 pc	25/77	19/66 pc
Vienna	21/70	12/53 c	27/80	17/62 pc
Warsaw	22/71	13/55 r	24/75	12/53 pc
Zurich	19/66	13/55 r	23/73	18/64 c

Middle East

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Abu Dhabi	43/109	31/88 s	42/107	29/84 s
Beirut	26/79	20/68 s	29/84	22/71 pc
Cairo	33/91	20/68 s	33/91	21/70 pc
Damascus	29/84	14/57 s	29/84	16/61 s
Jerusalem	27/80	14/57 s	27/80	16/61 pc
Luxor	38/100	18/64 s	38/100	22/71 s
Riyadh	42/107	25/77 s	43/109	29/84 s

North America

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Anchorage	19/66	11/52 sh	18/64	11/52 pc
Atlanta	29/84	19/66 s	33/91	21/70 pc
Boston	32/89	21/70 s	31/88	19/64 pc
Chicago	30/86	19/66 pc	31/88	18/64 pc
Dallas	36/97	23/73 s	35/95	23/73 pc
Denver	32/89	16/60 t	32/89	16/61 pc
Detroit	30/86	19/66 pc	32/89	17/62 pc
Honolulu	30/86	23/73 pc	31/88	24/75 pc
Houston	32/89	23/73 t	34/93	23/73 t
Los Angeles	28/82	16/61 s	33/91	18/64 pc
Miami	32/89	24/75 t	33/91	25/77 pc
Minneapolis	[illegible]	14/56 pc	29/84	18/64 pc
Montreal	27/80	16/61 pc	23/82	15/59 t
Nassau	32/89	24/75 pc	32/89	24/75 pc
New York	32/89	22/71 s	32/89	22/71 c
Orlando	31/90	23/73 t	33/91	23/73 pc
Phoenix	42/107	28/82 pc	41/106	28/82 t
San Fran.	23/73	14/57 s	23/73	14/57 pc
Seattle	23/73	13/55 pc	21/70	13/56 sh
Toronto	27/80	16/61 pc	26/79	13/55 t
Vancouver	21/70	11/52 pc	19/66	10/50 sh
Washington	32/89	21/70 s	33/91	22/71 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

Asia

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Almaty	32/89	17/62 pc	28/82	15/59 c
Bali	30/86	20/68 pc	29/84	21/70 pc
Bangkok	31/88	27/80 r	33/91	26/79 pc
Beijing	33/91	26/79 r	34/93	25/77 sh
Bombay	29/84	27/80 t	29/84	25/77 c
Calcutta	31/88	26/79 sh	31/88	27/80 r
Chiang Mai	31/88	25/77 r	33/91	25/77 pc
Colombo	30/86	24/75 pc	29/84	[illegible] pc
Hanoi	32/89	26/79 r	33/91	[illegible]
Ho Chi Minh	31/88	24/75 r	30/86	[illegible]
Hong Kong	30/86	25/77 r	31/88	[illegible]
Islamabad	[illegible]	25/77 s	39/102	[illegible]
Jakarta	30/86	22/71 pc	31/88	[illegible]
Karachi	[illegible]	[illegible]	[illegible]	[illegible]
K. Lumpur	32/89	[illegible]	31/88	[illegible]
K. Kinabalu	29/84	[illegible] pc	31/88	[illegible]
Manila	[illegible]	26/79 r	32/89	[illegible]
New Delhi	34/93	26/79 c	34/93	[illegible]
Phnom Penh	32/89	25/77 sh	29/84	[illegible]
Phuket	31/88	[illegible]	33/91	[illegible]
Rangoon	32/89	26/79 r	33/91	[illegible]
Seoul	33/91	24/75 pc	32/89	[illegible]
Shanghai	32/89	24/75 pc	[illegible]	[illegible]
Singapore	31/88	22/71 pc	31/88	[illegible] pc
Taipei	32/89	24/75 pc	32/89	[illegible]
Tokyo	29/84	25/77 r	[illegible]	[illegible] pc
Vientiane	[illegible]	[illegible] r	32/89	[illegible]

Africa

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Algiers	29/84	[illegible] s	31/88	19/66 pc
Cape Town	17/62	5/41 c	14/57	[illegible]
Casablanca	26/79	18/64 s	26/79	21/70 s
Harare	23/73	13/55 pc	25/77	15/59 pc
Lagos	26/79	21/70 r	27/80	23/73 c
Nairobi	26/79	11/52 s	25/77	12/53 pc
Tunis	31/88	17/62 s	29/84	19/66 pc

Latin America

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Buenos Aires	12/53	0/32 pc	10/50	1/34 pc
Caracas	31/88	24/75 pc	31/88	24/75 pc
Lima	25/77	20/68 pc	[illegible]	[illegible]
Mexico City	24/75	13/55 c	24/75	13/55 pc
Rio de Janeiro	26/79	21/70 s	27/80	[illegible]
Santiago	6/44	0/32 s	13/55	1/34 pc

Oceania

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Auckland	13/55	6/43 c	12/53	7/44 [illegible]
Sydney	13/55	6/43 pc	15/59	7/44 pc

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THE AMERICAS

Army Inquiries Find Sex Bias Is Widespread

By Eric Schmitt
New York Times Service

WASHINGTON — Two U.S. Army investigations into handling of sexual misconduct have found widespread evidence of discrimination by male commanders against women, staffing that left too few drill sergeants to supervise units and a selection system that allowed wife-beaters to fill the prestigious and stressful job of drill sergeant, army officials and lawmakers say.

Neither inquiry held anyone accountable for the problems, said officials familiar with the reports.

Those were among the conclusions reached in separate inquiries by the army's inspector general and a panel of officers and civilians who spent eight months interviewing 35,000 soldiers and commanders at 59 bases.

Both reviews stem from accusations that male drill sergeants at the Aberdeen Proving Ground training base in Maryland had engaged in sexual misconduct with female trainees.

The army said Tuesday that it would delay releasing the reports — due in June — until mid-September to give the secretary of the army, Togo West Jr., more time to devise remedies for the problems. But in Congress on Wednesday morning, two generals on the investigating panel gave three members of the House a private briefing.

The findings of the investigators are a ringing indictment of policies that had been expected to prevent sexual harassment and misconduct.

The inspector general, Lieutenant General Jared Bates, could brief lawmakers as early as this week on his report, which examines what went wrong at Aberdeen and other training bases.

"The corrective action will take years," Representative Stephen Buyer, Republican of Indiana, said Wednesday. Mr. Buyer heads the National Security Committee's personnel subcommittee.

Mr. Buyer received the briefing with two colleagues from the subcommittee, Jane Harman, Democrat of California, and Tillie Fowler, Republican of Florida. The two generals were Major General Richard Siegfried, chairman of the seven-member panel, and Brigadier General Evelyn Foote, vice chairman.

The two retired officers were recalled to active duty last fall to head the panel. The panel's findings are so troubling that the lawmakers said they would hold hearings as soon as the reports had been made public.

They said they would insist on testimony by Mr. West and General Dennis Reimer, the chief of staff.

Mr. Buyer said the panel's findings and recommendations closely followed those of an inquiry the subcommittee completed in June. That congressional review found that the army's process for selecting drill sergeants was not rigorous enough and did not consider a candidate's emotional maturity.

"We haven't been looking at their backgrounds closely enough," said an officer familiar with the report. "There was no close scrutiny of situations where some drill sergeants had beat their wives. Guys at Aberdeen had problems with this."

The panel and the subcommittee also concluded that the ratio of trainees to drill sergeants was dangerously high, Mr. Buyer said.

The army standard for basic training is 20 trainees for each drill sergeant, but at Fort Leonard Wood, a major training base in Missouri, the congressional investigators found the ratio was 35 trainees for each drill sergeant. Such ratios, in an already stressful job, might lead to misconduct.

Another common finding was that enforcement by commanders of rules against sexual behavior varied widely. The panel found "overt and covert discrimination by commanders," an officer said.

Campaign-Funds Inquiry Shifts to a Suspect Donor

By David E. Rosenbaum
New York Times Service

WASHINGTON — The Senate committee investigating campaign financing has turned its focus to large donations that Yah Lin (Charlie) Trie, a main figure in the inquiry, offered last year to a private fund that had been established to help President Bill Clinton meet personal legal expenses.

[A private investigator hired by the Presidential Legal Expense Trust told senators Thursday that his firm had been instructed not to interview Mr. Trie and never did so, The Associated Press reported.

["I am certain we were told not to contact Charlie Trie," said Terry Lenzner, president of Investigative Group Inc. "We were to start with finding out who he was, what his background was, starting with the public database."]

The donations, which eventually totaled more than $600,000, were legal and not subject to campaign-finance strictures, but the trustees of the fund rejected them because they did not meet standards the fund had established and because they might have proved politically embarrassing.

Republicans suggested Wednesday that the White House and the Democratic Party should have been equally circumspect in dealing with Mr. Trie. Testimony on Tuesday described Mr. Trie as laundering large sums of money from abroad that he then gave or arranged to be given to the Democratic Party, in violation of U.S. law. Testimony also showed that he visited the White House about two dozen times.

"I'm perfectly willing to stipulate that you handled this in an admirable fashion," Senator Robert Bennett, Republican of Utah, told the main witness Wednesday, Michael Cardozo, a Washington lawyer who is executive director of the Presidential Legal Expense Trust.

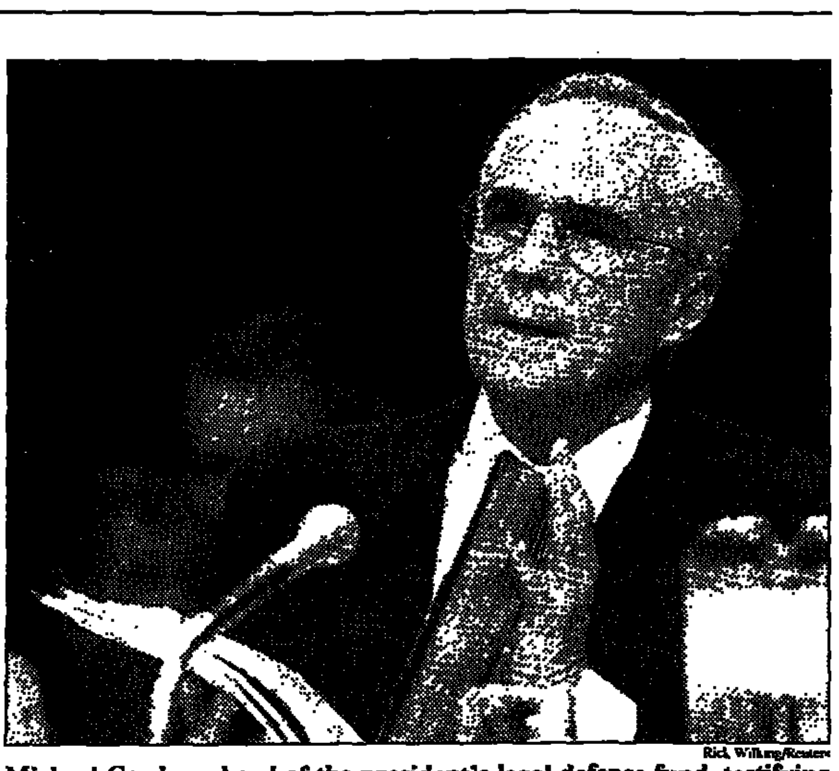
Mr. Bennett continued: "You smelled a rat when you met Charlie Trie. Your other trustees smelled a rat when they met Charlie Trie. But the folks at the White House and the Democratic National Committee allowed him to enter the White House 23 times and didn't seem to have the sense and antenna that you had. I think that's a fairly telling thing in this overall circumstance."

Senator Fred Thompson, the chairman of the investigating committee, briefly interrupted Mr. Cardozo's testimony to read an angry statement accusing the White House of having failed to submit requested evidence to the committee until it was no longer useful in the hearings.

Mr. Trie, a U.S. citizen, owned a Chinese restaurant in Little Rock, Arkansas, and became friendly with Mr. Clinton when he was governor of Arkansas. After Mr. Clinton was elected president, Mr. Trie moved to Washington to try to use his connection in business activities. In March 1996, Mr. Cardozo testified, Mr. Trie, whom he had never met or heard of, walked into his office and shook open an envelope containing about $460,000 in $1,000 checks and money orders made out to the defense trust. This was almost half the amount of money the trust had raised by that date.

Mr. Cardozo said he was immediately suspicious. Some money orders, he said, had sequential numbers and had been filled out under different names but in the same handwriting.

Although legal defense funds are not covered by campaign-finance laws, Mr. Clinton's trust had established rigorous standards, Mr. Cardozo said. It limited donations to $1,000 a person and said it would not accept money from people who were not U.S. citizens.



Rick Wilking/Reuters

Michael Cardozo, head of the president's legal defense fund, testifying about Yah Lin (Charlie) Trie, whose donations are under investigation.

Quietly, an Opening for Gun Imports

By John Mintz
Washington Post Service

WASHINGTON — Millions of surplus U.S. military rifles and pistols, some of them easily convertible to automatic weapons, could enter America under a measure hurriedly approved with almost no discussion this week by the House of Representatives' Appropriations Committee.

The amendment had been pushed by the National Rifle Association and U.S. gun wholesalers, who see significant profits from importing the M-1 Garand and M-1 carbine rifles as well as .45-caliber M1911 pistols.

The committee voted Tuesday to attach the amendment, sponsored by Representative John Murtha, Democrat of Pennsylvania, to the Treasury Department's appropriations bill.

John Sununu, who was former President George Bush's White House chief of staff, is one of the measure's key proponents, congressional sources said. He did not return telephone messages seeking comment.

"If the gun lobby wants to flood our streets with 2.5 million more weapons and enrich foreign governments, they ought to have the guts to do it in the open," said Senator Frank Lautenberg, Democrat of New Jersey, the measure's leading opponent.

M-1s, much loved by U.S. soldiers in World War II, are too heavy and bulky to appeal to criminals, gun importers say. But critics of the gun industry say the lighter, smaller M-1 carbines are easily convertible to automatic weapons and could be attractive to robbers and mobsters.

Converted M-1 carbines "could be a problem for law enforcement," said Raymond Kelly, undersecretary for enforcement at the Treasury and a former New York City police commissioner. "This is a policy change that shouldn't be made without more deliberation."

But Bill McIntyre, a spokesman for the Firearms Importers Roundtable, a gun importers' group, called it "outlandish" to raise fears of criminals toting converted M-1 carbines. He quoted a police detective as saying he was "more likely to be attacked by an escaped tiger from the zoo" than by a gun that had been converted to an automatic.

Since the 1950s, the United States has given away or sold at discount almost 3 million surplus military firearms to allies or former allies. While those types of guns sell for $300 to $500 in the United States, importers contend they could sell them for as much as $1,000 each, depending on their condition.

The Murtha measure would bar federal agencies from spending government funds to block applications seeking to import such guns and grant millions of dollars in subsidies to U.S. gun importers and to other governments involved in the gun sales, U.S. officials said. The bill would drop long-standing requirements that if those allies ever sell the firearms, they would have to repay the Pentagon, they said.

Away From Politics

• **Seventeen Miami Beach police officers have asked to be taken off their special unit in protest because a SWAT team from the larger Metro-Dade Police Department was called in to rush the Miami Beach houseboat where the suspected killer Andrew Cunanan was found dead.** (AP)

• **Nine Delta Air Lines employees were arrested and three others were being sought as suspects in what law-enforcement officials said was a sophisticated drug-trafficking operation that moved as much as 10 tons of Colombian cocaine, most of it to New York, on Delta airliners from Puerto Rico over a period of three or four years.** (NYT)

• **A grand jury in Texas began debating whether charges were warranted against a Marine in an anti-drug patrol who shot and killed an armed teenager near the U.S.-Mexico border.** (AP)

• **Virginia Polytechnic and State University has become the first U.S. university to require its graduate students to post their master's theses and doctoral dissertations on the Internet.** (NYT)

POLITICAL NOTES

Budget Bill Passes Both Houses Easily

WASHINGTON — With Republicans and Democrats alike claiming victory and credit, the Senate and House of Representatives voted overwhelmingly to approve landmark legislation to balance the federal budget by 2002.

The balanced budget bill and a companion bill to cut taxes represent significant political achievements for President Bill Clinton; the House speaker, Newt Gingrich, and the Senate majority leader, Trent Lott.

The bill passed in the House on a vote of 346 to 85, with most of the opposition coming from the far ends of the political spectrum. Although an unassailable majority of Republicans — 193 of them — voted for the bill, the 32 dissidents included many of the conservative junior members who were involved in a move this month to oust Mr. Gingrich. The Senate approved the bill by 85 votes to 15.

Richard Gephardt, the House minority leader and a possible candidate for the presidential nomination, was among the 52 Democrats who voted no. (NYT)

Republicans Lead Governors' Contest

LAS VEGAS — For a generation, governors' offices around the country have been the main source of policies and leadership for the Democratic Party. But political operatives gathered here for the annual meeting of the National Governors' Association say next year's elections will probably confirm that this vital political base will belong to the Republicans into the next century.

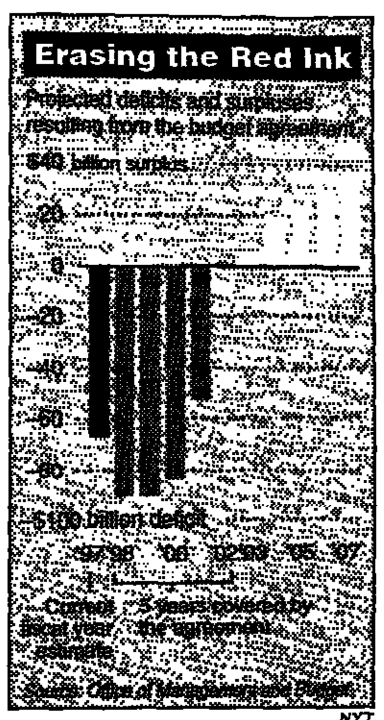
Republicans hold 32 of the 50 governorships, and Governor Terry Branstad of Iowa, head of the Republicans' 1998 state-level campaigns, said he hopes that number will increase to 35. His Democratic counterpart, Governor Howard Dean of Vermont, said his goal is to bring the Democrats to parity, but conceded that "it will not be easy for us."

The Republican advantage is dramatically greater in the key races. Nine of the 10 biggest states, all but Florida, have Republican governors, and the Republican Party has strong candidates in every one of them. Florida looks shaky for the Democrats in 1998, and Republicans are favorites in at least six of the other nine largest states.

The governors elected next year will be key players in the redistricting of the House and state legislatures that will follow the 2000 census and set the battle lines for the next decade.

Equally important, they will exert a growing voice in domestic policy, as Washington's effort to balance the budget shifts more and more responsibility to the states.

"The debates you will hear in next year's gubernatorial elections will tell you more about the direction of national policy than anything coming



NYT

out of Capitol Hill," a Democratic strategist said. "We can't afford to lose in that arena." (WP)

Congressman Finds Lots of Friends

WASHINGTON — The chairman of the House Judiciary Committee, Henry Hyde, collected more than $60,000 in contributions to pay legal expenses stemming from his service on the board of a failed Chicago-area savings and loan association.

Contributions to the Illinois Republican's legal expense fund came from Republican colleagues in the House, current and former House aides, corporations and trade associations, House records indicate.

Mr. Hyde was one of 12 former directors and officers of the small Clyde Federal Savings and Loan Association of North Riverside, Illinois. The directors were sued by federal regulators, who claimed they were grossly negligent in their duties.

The case was resolved on March 5 after all the defendants but Mr. Hyde paid the Federal Deposit Insurance Corp. a total of $850,000. Mr. Hyde refused to pay any money without a trial, saying he had done nothing wrong. (WP)

Quote / Unquote

Mark Rosenbaum, legal director for the American Civil Liberties Union of Southern California, after Susan McDougal, a former partner of President Bill Clinton's in the Whitewater land venture, was transferred to a federal jail after months of protesting her detention in grim Los Angeles County jails that the organization said was a pressure tactic by the special prosecutor: "This is a smashing legal victory for Susan McDougal and an embarrassment to Ken Starr and his investigation." (NYT)

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■ Romania Investment Summit	Bucharest	October 29-30
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■ Southern Africa Trade & Investment Summit	Gaborone	November 18-19

For further information on any of these events, please contact Brenda Erdmann Hagerty, International Herald Tribune, 63 Long Acre, London WC2E 9JH.
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Landslide Rips Australian Ski Site

At Least 20 People Are Buried by Debris at Southern Resort

Compiled by Our Staff From Dispatches

THREDBO, Australia — Rescuers dug with their hands through freezing rain Thursday night, seeking survivors in the ruins of two Australian ski resorts destroyed by a landslide that buried at least 20 people.

Scores of emergency service officers, most dressed in bright orange jumpsuits and hardhats and working under the glare of floodlights, formed a human chain to lift bricks and other debris piece by piece from the rubble.

The body of a man was found in the ruins, but the police said they could not identify it.

The police said the victims included a New Zealand woman, a middle-aged couple from California and 17 Australians. Most were employees of the Thredbo Alpine Resort, which has a winter population of about 2,000.

By the time geologists allowed rescuers into the unstable wreckage site — 11 hours after the slide brought tons of earth, trees and cars down on the lodges just before midnight Wednesday — audible cries for help had faded.

Sensitive sound-detection equipment no longer picked up survivors, police said.

"There are no signs of life at all, but we are hopeful," said Bruce Johnson, the chief superintendent of the police.

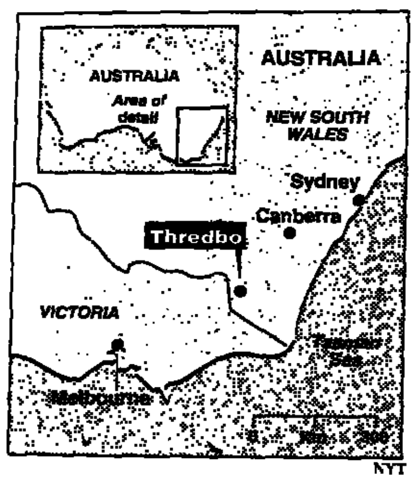
The scanning equipment, he said, was not infallible, and it was possible the scan did not penetrate deeply enough into the rubble to detect any possible survivors. "But it is fairly accurate," he added.

"Miraculous things have happened in other parts of the world," said Graeme Field, an ambulance officer, as he waited.

Workers were frustrated by the slow pace of the search, Mr. Johnston said.

"It is like a house of cards, a set of dominoes," he said. "If you move something, you have to be sure something else is not going to follow it."

Thredbo, located at an altitude of 1,370 meters (4,495 feet), sits on a ridge facing the snow-covered mountain range of Kosciuszko National Park. The resort is 400 kilometers (250 miles) south of Sydney.



NYT

Australia's ski season runs from June to October but has started slowly this year since little snow has fallen.

Police say seepage from a mountain spring may have caused the earth to give way. Lodges further down the slope escaped the landslide, allowing rescuers easy road access to the scene and making evacuations easier.

While the other 19 victims were trapped inside two lodges, Carinya and Bimbadeen, when the landslide hit, another woman walking home with her husband was swept away with the landslide.

"He was walking on the road with his wife," Mr. Johnston said of the husband. "He happened to be a few paces ahead of her. He was saved, she was gathered up in the slippage."

Eyewitnesses said the landslide hit like a "tornado," sending the side of a mountain crashing into the Carinya lodge, which contained one person, and sending it cascading onto the Bimbadeen lodge, which had 18 people inside.

Ron Stiebel, who was undressing for bed in another lodge, looked out of his window as the landslide ripped past.

"It was just like someone was emptying a giant vacuum cleaner bag," he said. "It sounded like it was a jet fighter taking off, or an express train going past."

Prime Minister John Howard of Australia sent a message of support to the families of those trapped in the rubble and to rescuers from a hospital in Sydney, where he was recovering from pneumonia.

"The thoughts and prayers of the entire nation are with those people," he said.

Deputy Prime Minister Tim Fischer said in Tokyo that he would cut short a visit to Japan because of the landslide and that he would visit the area at the appropriate time. *(Reuters, AP, AFP)*

Cambodia Killings Continue, UN Says

Compiled by Our Staff From Dispatches

TANG KRASAING, Cambodia — Extrajudicial killings are continuing in Cambodia three weeks after the ousting of the first prime minister, Prince Norodom Ranariddh, by his rival, Hun Sen, UN officials said Thursday.

The renewed charges of killing came as the second prime minister, Mr. Hun Sen, said he would welcome regional mediators after reaching a compromise with the Association of South East Asian Nations.

Mr. Hun Sen rejected ASEAN's mediation efforts last month.

"I have just received information that we have reached a compromise," Mr. Hun Sen said in an interview with the U.S. television network ABC that was broadcast Thursday on Cambodian radio. "There will be a meeting between us on Monday evening," he said.

Officials of ASEAN confirmed the agreement. The Philippine foreign secretary, Domingo Siazon, said that envoys could fly to Phnom Penh as early as this weekend.

"We expect we are now in the process of arranging the time," Mr. Siazon said.

Foreign Minister Ali Alatas of Indonesia said in Jakarta on Thursday that he would depart for Cambodia for the talks between ASEAN and Cambodia "either at the end of this week or early next week."

Mr. Hun Sen also invited his exiled opponents to return to Cambodia, including Prince Ranariddh.

"He can also come," Mr. Hun Sen said, "but when he comes he must face trial. We cannot grant him an amnesty before he is convicted. If he is convicted then the king can amnesty him if he sees fit."

Human rights workers said there was strong evidence that up to 50 people had been victims of extrajudicial killings since the two-day battle in Phnom Penh on July 5 and 6, which was won by Mr. Hun Sen's forces.

On Thursday, UN human rights workers uncovered the corpse of a man, believed to be a bodyguard of the prince. The body was found near a military base seized by Mr. Hun Sen's Cambodian People's Party troops from royalist forces. The man had died four to five days earlier, the workers said.

The man had been beaten, strangled and his neck broken, they said. His body was found in a shallow grave in a field near the Tang Krasaing base, 11 kilometers (7 miles) west of the capital, Phnom Penh.

"We received information that he had been beaten to death and we found him exactly where we expected," said Raja Gopal, of the UN Center for Human Rights in Phnom Penh. "He has obviously been interrogated, beaten and strangled."

"The important message of this body is that the killings have not stopped since the unrest, contrary to the official version," Mr. Gopal said.

UN rights workers said they had information that up to six more corpses were buried in the same area.

The victim was identified by informants as one of many people detained by the Cambodian People's Party after the battles, the rights officials said. The United Nations said there had been 35 confirmed and presumed executions since the clashes between Mr. Hun Sen's forces and royalist forces. The rights workers said they had "solid information" on 15 other killings.

The prince's father, King Norodom Sihanouk, condemned human rights violations in Cambodia since the coup, telling a Paris-based press monitoring group that "recourse to armed force prevails over respect for the law" in Cambodia.

In a letter to Reporters Without Borders, the king wrote, "I am very upset by such a destructive and destabilizing evolution for my country, Cambodia, now considered and I fear irredeemably for many years to come as the 'sick man' of Asia." *(AFP, Reuters)*

■ Incident on Airliner

An associate of Mr. Hun Sen pulled a pistol on a flight Wednesday, ordering the crew to hold the plane and fellow passengers to get off, witnesses said, The Associated Press reported from Bangkok.

Orient Thai Airlines responded by issuing an apology to the Hun Sen associate, Teng Bunma, a Cambodian tycoon who is president of the Cambodian Chamber of Commerce. Mr. Teng Bunma, who once shot out the tires of an airliner after his luggage was lost, refused to comment on the incident, saying only that he was free to go anywhere he wanted.

On Wednesday, he boarded a Bangkok-bound flight at Phnom Penh's international airport with his armed bodyguards and demanded that the pilot delay departure to await friends of Mr. Teng Bunma's who had booked seats but had not arrived, witnesses and airline officials said.

A passenger, Yupaporn Saengtong, a news researcher for Fuji TV of Japan, said she had seen Mr. Teng Bunma briefly display a pistol to the crew.

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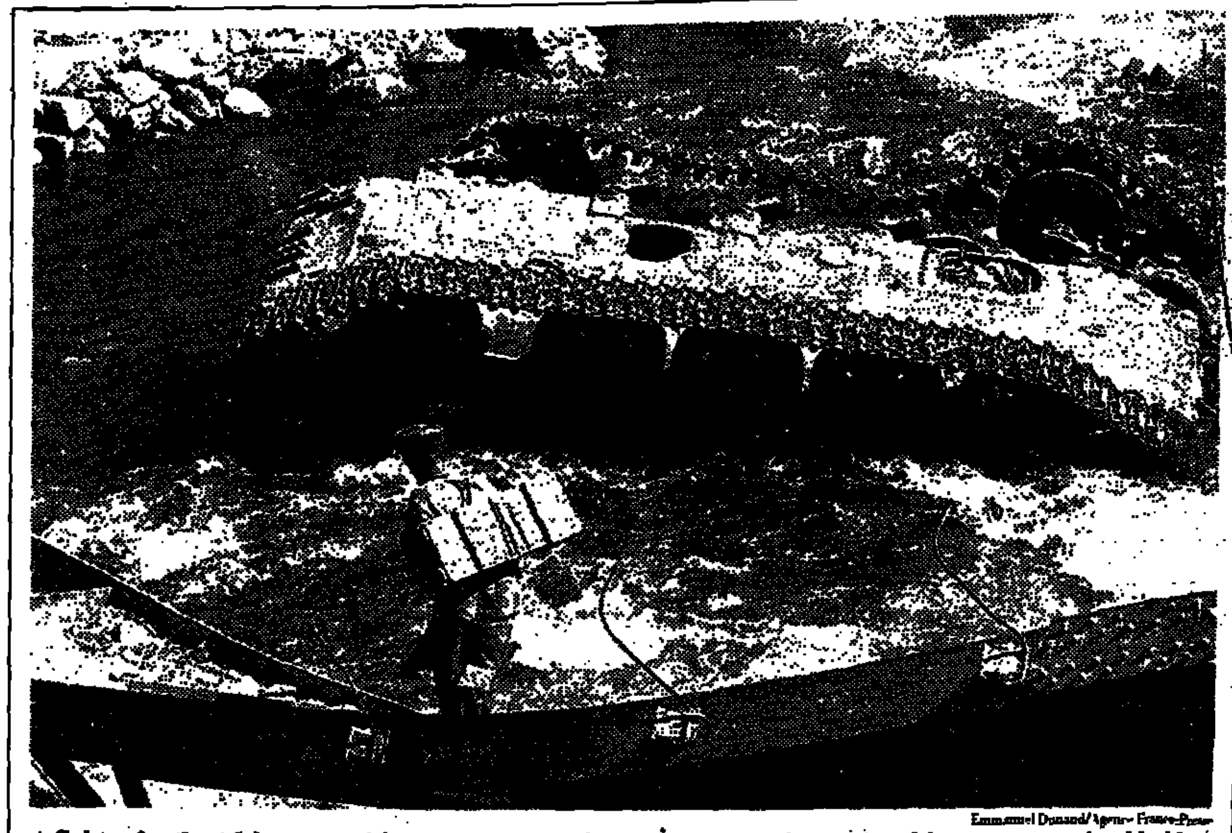

Emmanuel Dunand/Agence France-Presse

A fighter for the Afghan opposition leader Ahmed Shah Masoud lugging ammunition across a ruined bridge.

Taleban Claims Military Victory

QALAI MURAD BEG, Afghanistan — Forces of the Islamic Taleban militia on Thursday took a small town north of Kabul, according to a senior official.

"We have taken the town of Gul Dara," said Mullah Khairullah Khairkhwa, the Taleban interior minister, "and we have surrounded the opposition in Mir Batcha Kot."

Opposition forces of the former government launched an offensive, said Mullah Abdul Manan, a frontline commander, "and after they were exhausted, the Taleban forces pushed forward."

The opposition postponed until Friday a meeting with the United Nations special envoy to Afghanistan, Norbert Holl. Mr. Holl had been scheduled to meet Thursday with opposition leaders in their stronghold of Mazar-i-Sharif in northern Afghanistan. *(Reuters)*

Drought Imperils China Harvest

BEIJING — Farmers in central China are reaping record summer grain harvests, but drought in the northeast spells trouble for autumn crops, according to official reports Thursday.

Some rivers in northeastern Heilongjiang, Jilin and Liaoning provinces have completely dried up because of abnormally high temperatures and low rainfall, the China Daily newspaper reported.

Much of the fall harvest will be seriously damaged if there is no rain during the critical growing period over the next few weeks, the report said. It said the drought was the worst in the area since 1982. *(AP)*

Burmese Won't Leave Bangladesh

CHITTAGONG, Bangladesh — Government officials said Thursday that Burmese refugees insist they will not return home until their military-ruled country has achieved democracy.

"We are at a loss, as the defiant Rohingya refugees appear quite stubborn on their precondition that they will go back home only if democracy is ushered in Myanmar," a senior official said, using Burma's official name.

Burmese ethnic refugees, known as Rohingyas, crossed into Bangladesh in early 1992 to escape alleged persecution by Burma's military junta.

About 21,000 refugees began refusing food last week to protest Bangladesh's expulsion of around 400 refugees.

But at one camp, Burmese refugees have started accepting food rations, defusing a potentially explosive situation, said a spokeswoman for the United Nations High Commissioner for Refugees in Geneva on Thursday. *(Reuters, AFP)*

India Bans Foreign Universities

NEW DELHI — An Indian court has prohibited foreign universities from conducting classes, collecting fees and awarding degrees in India, the Press Trust of India reported Thursday.

The High Court in the southern city of Madras asked the federal government and the University Grants Commission on Wednesday not to permit foreign universities to operate in India directly or indirectly.

The court order followed a petition alleging that foreign universities violated Indian laws by operating in the country through local institutions and that, if allowed to continue, they would "destroy" the Indian educational system. *(AFP)*

For the Record

A Japanese court has sentenced a U.S. Navy serviceman, Chief Petty Officer Raymond Cunningham, to three years in prison for the assault and attempted rape of a woman near Misawa Air Base in northern Japan. *(Reuters)*

A majority of Bangladeshis are suffering from acute malnutrition as their average intake of calories, protein and fat declines, according to a study funded by the World Bank that was released Thursday. *(AFP)*

China Urges Tight Leash for Taiwan Leader

Compiled by Our Staff From Dispatches

BEIJING — China urged the United States on Thursday to protect their relationship by blocking President Lee Teng-hui of Taiwan from carrying out any pro-independence activities during transit stops in the United States.

The Foreign Ministry stopped short of demanding that Washington refuse to issue Mr. Lee a transit visa, making clear instead that Beijing would be watching carefully to see how the planned Hawaii stopover was managed.

The U.S. State Department said Wednesday that it expected to issue Mr. Lee a visa allowing him to stop at Honolulu Sept. 4-5 and Sept. 17-18 on his way to and from a conference in Panama.

Taiwan welcomed the State Department announcement, but said some details still had to be worked out.

A spokesman for the Taiwanese Foreign Ministry, Roy Wu, thanked Washington for the "goodwill it has displayed." But he added: "More discussions are needed before both sides can work out details on things like reception, respectful treatment and safety."

A Foreign Ministry spokesman in Beijing said China hoped the United States would "not allow the eminent politicians of Taiwan to engage in activities aimed at splitting the motherland."

"The issue of Taiwan is always the most important and sensitive issue in the Sino-U.S. relations," he said, "and the proper handling of this issue is crucial to the development of a sound and stable Sino-U.S. relationship."

The spokesman said Taiwan wanted to use such stopovers as opportunities to promote independence for the island.

Beijing regards Taiwan as a rebel province and seeks to isolate the island's authorities from the international arena.

Defense Minister Chi Haotian said Thursday that Beijing had not renounced the use of force to regain sovereignty over Taiwan. *(AP, Reuters)*

■ Congress in Accord on Tibet

Congress has accepted Secretary of State Madeleine Albright's proposal to name a special U.S. policy coordinator for Tibet, The Associated Press reported from Washington.

"What they've come up with is satisfactory to me," said Senator Jesse Helms, the North Carolina Republican who is chairman of the Foreign Relations Committee.

CROSSWORD

ACROSS

1 Taps
10 With 15-Across, linguini topping
14 Connecting flight?
15 See 10-Across
16 Questioned, in a way
17 Kin of hyper-
18 Could tell
19 Milk
20 Charge
23 Old World evergreens
25 Bottom
26 Like loggers' boots
31 River at Rennes
32 Just above normal, in a sense
33 "Hold On Tight" group
34 Wolf's give-away in "Little Red Riding Hood"
35 Good name for a cook?
36 It's north of Liverpool
38 Auditory
39 Launders, in a way
40 Title for Marquette
41 Picnic hamperer
42 Tied up
44 Venomous snake
47 Compulsive
50 Western based on a Louis L'Amour story
51 Tears
55 Mayflower Compact signer
56 Summaries
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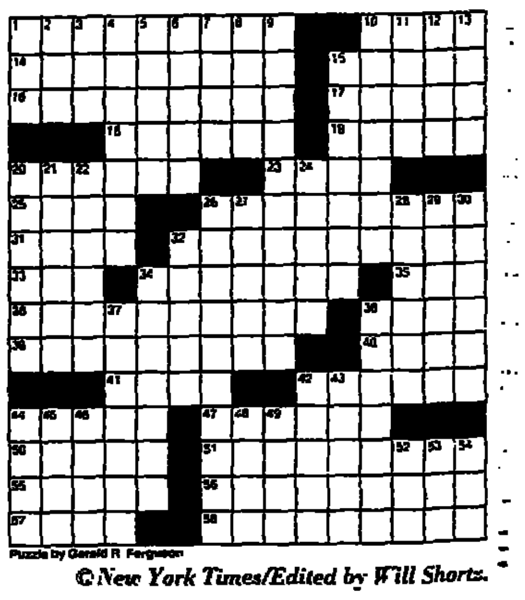
58 Occidental tourist?

DOWN

1 Trip instigator
2 Mineral suffix
3 Run up the phone bill
4 Bewhiskered
5 Essays
6 Clip component
7 Galoots
8 Certain plaintiff, at law
9 Toys since 1902
10 Touches base, so to speak
11 Fretted instrument
12 Israeli seaport
13 Drink for Robin Hood
15 Tubes
20 Off course
21 Place for an unwanted ring?
22 Artist's place, perhaps
24 Between: Fr.
26 Everywhere
27 This comes before a million
28 "Hey!"
29 Undivided
30 Mild expletive
32 Some Asian-Americans
34 Largest lake in central Europe
37 Much-covered R.&B. song
38 Kind of market
42 Turn outward
43 Dash
44 Tribal chief
45 Cameo, maybe
46 Lick —— promise
48 Wild party
49 Clinches
52 Royal flush necessity
53 Kind of neck
54 Former Union member: Abbr.



Puzzle by Gerald R. Ferguson

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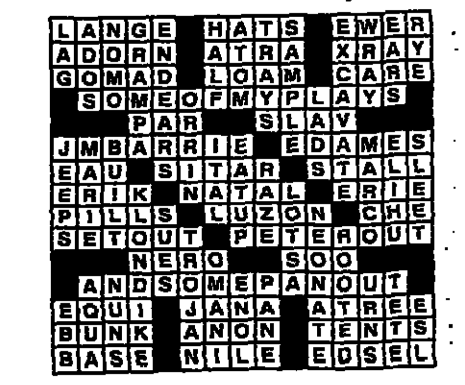

Bank Secrecy Was Bern's Wartime 'Weapon'

Q&A/Hans Ulrich Jost, Swiss historian

Hans Ulrich Jost is a professor of contemporary Swiss history at the State University of Lausanne who has gained national prominence as a critical chronicler of his country's wartime past. He spoke with Robert Kroon of the International Herald Tribune about the role of the Swiss banking establishment, which is currently under international scrutiny.

Q. By publishing the names on almost 2,000 dormant accounts of the Holocaust era, the Swiss Bankers Association has lifted part of its secrecy rules. Is this a major policy change?

A. No. The banks haven't changed their strategy and they never will, if they can help it. From the banks' point of view, these dormant accounts are no more than nettlesome peanuts. This so-called act of transparency was a tactical move to ward off the threat of American retaliation in the face of a possible class-action procedure. Losing their operating license in the U.S. would be the biggest catastrophe for the major Swiss banks.

Q. Why is the bank secret such a sacrosanct article of faith in this country?

A. It's an integral part of our history. In prewar times, the Swiss service sector, mainly banking and insurance, had already superseded industrial production. At one time, 70 percent of the German insurance industry was under Swiss control. Today banking and insurance accounts for 30 to 40 percent of national revenue and the banks never miss a chance to remind the government of it.

Swiss reluctance to join the European family is partly dictated by the Euro-angst of the bankers, who fear an erosion of the bank secret. Banking secrecy was promulgated in 1934, mainly to attract major foreign tax dodgers, because under Swiss laws tax evasion is not a crime. That also brought in Jewish depositors looking for a safe haven.

During the war, the banks convinced the government that banking secrecy was neutral Switzerland's prime defensive weapon. As early as 1941 a strategy was developed to optimize the banks' position in the postwar world. After all, the dollar and the Swiss franc were the only sound currencies. In today's fiercely competitive global economy, the bank secret is still a crucial asset, so the strategy will not change.

Q. Does that help explain Switzerland's economic cooperation with the Nazis?

A. In a way, yes. It was a very complex network, actively involving Swiss embassies in occupied Europe and even Japan.

Aside from laundering the Nazi gold, Switzerland cooperated with the Third Reich in many other ways. After the invasion of the Netherlands and Norway, the Germans seized the assets of a great number of local companies, which were then transferred to Latin America via Swiss bank conduits. After the Nazi defeat, the Allies had problems confiscating German businesses with Swiss affiliations. A case in point was the chemical giant I.G. Farben, which had a Swiss joint venture in Basel.

To avoid seizure by the Americans, I.G. Farben Switzerland changed its name to Interhandel, which then became the subject of a bitter fight with the United States. The legal hassle lasted until the early '60s and drove the Americans crazy. Finally, the Union Bank of Switzerland struck a deal with the Kennedy administration, which by then was more pre-occupied with the Cold War. A full report on this settlement has never been published.

The Swiss also had a stake in hundreds of companies in southern Germany and fought tooth and nail to forestall Allied seizure of their assets. In this context, it is also remarkable that in 1945 and 1946 more than a hundred Swiss firms transferred their corporate seat to Latin American countries. No light has ever been shed on their corporate ownership.

Q. What does that all this say for Swiss neutrality?

A. Neutrality served as an alibi for this economic strategy.

Wartime policy was based on three pillars: solidarity between the government, the people and the army to keep neutral Switzerland out of the war; restricting the influx of mainly Jewish refugees; and, finally, the shadowy economic policy.

In Swiss contemporary history, it's the first pillar that has been elevated to a national myth — albeit slightly stained by the rejection of refugees, which was already known during the wartime years.

But the Swiss people have been consistently and deliberately kept in the dark about wartime economic collaboration.

Jim Levy/Agence France-Presse

The wreckage of a Federal Express cargo plane smoldering on the runway Thursday at Newark Airport.

5 Escape Fiery Crash at Newark Airport

Reuters

NEWARK, New Jersey — Five crew members escaped unhurt when their Federal Express MD-11 cargo plane crash-landed early Thursday at Newark International Airport, overturned and burst into flames, officials said.

The crash created major headaches for travelers, but no one on the ground was hurt and the five on board received only minor injuries.

"It was a very hard landing," a New York/New Jersey Port Authority spokesman said. "The plane, on impact, flipped over and began to burn. All five crew members on board were able to crawl out the cockpit window. They all walked away from it."

The five were treated for unspecified minor injuries at a hospital in Elizabeth, New Jersey.

"They were very calm, actually," said a Port Authority police detective, Dennis Moriarity, one of the first to reach the plane. "They were a little scratched up, roughed up."

Hours after the crash, firefighters were still battling the burning, charred wreckage with foam.

The airport, the New York City area's busiest, was shut down for several hours and about 300 flights were canceled. Two of its three runways were reopened for departures about 7:30 A.M. and the first arrival came in about 9:30.

Arriving aircraft were diverted to John F. Kennedy International airport and La Guardia Airport in New York, officials said.

The cause of the crash was not known. Officials said investigators for the National Transportation Safety Board would visit the site to begin their inquiry once the blaze was extinguished.

Fedex is the world's biggest cargo airline. It carried 3.77 million scheduled freight tons in 1996, ahead of Lufthansa with 2.88 million tons, according to the International Air Transport Association.

Bern Resists Pressure by U.S. Senator For Apology

Compiled by Our Staff From Dispatches

GENEVA — The Swiss president, responding to a threat by a U.S. senator, ruled out Thursday apologizing to a former bank guard who is hailed as a hero in the United States but is under criminal investigation at home for violating bank secrecy.

The security guard, Christoph Meili, who fled Switzerland in May with his family, was granted permanent residence in the United States by President Bill Clinton on Wednesday.

Mr. Meili claimed he had been harassed and received death threats for rescuing archives from a shredder at Union Bank of Switzerland and handing them over to Jewish groups. The bank conceded earlier this week that the documents may concern property that Jews were pressured to sell in Nazi Germany.

Senator Alfonse D'Amato, Republican of New York and chairman of the Senate Banking Committee, demanded Wednesday that Switzerland apologize to Mr. Meili or risk sanctions against UBS because of the shredded documents.

"It is unconscionable that even with the admission by UBS that sensitive documents were destroyed, there has been no regret expressed as to the treatment Christoph has received," Mr. D'Amato wrote in a letter to President Arnold Koller of Switzerland.

But Mr. Koller told the daily Blick, "There is no reason to do so."

In Vienna, Simon Wiesenthal, the Nazi hunter, asked the international community Thursday to show some restraint in its criticism of Switzerland for its role in handling Nazi assets during the war.

Mr. Wiesenthal drew a parallel between Switzerland's current situation and that of Austria at the time when Kurt Waldheim was president (1986-1992). Mr. Waldheim was assailed at the time by the World Jewish Conference in New York for his role in Hitler's army.

Mr. Wiesenthal warned that if a measure of "fair play" is not adopted toward Switzerland, the country might undergo the "Waldheim effect" — an allusion to the wave of solidarity that the Austrian population showed toward their head of state when he was assailed by foreign criticism.

In Paris, the newspaper Liberation reported that Credit Suisse transferred funds to a Nazi espionage center during World War II. The funds were sent by Credit Suisse to the account of a publishing house that fronted for Nazi spies, the daily said, publishing a photocopy of a 1946 document obtained from U.S. intelligence agencies. *(AP, AFP)*

Cohen to Fault General on Saudi Blast

By Bradley Graham
Washington Post Service

WASHINGTON — Defense Secretary William Cohen will block the promotion of the one-star air force general who commanded the U.S. troops in Saudi Arabia that were blasted by a terrorist bomb last year, Pentagon officials say.

The action against Brigadier General Terryl Schwalier reflects Mr. Cohen's conclusion that the general could have done more to assess the extent of the terrorist threat in Dhahran and prepare for it, particularly by conducting evacuation drills and installing alert systems, the officials said.

The move goes against two air force reports that maintained General Schwalier had done all that could reasonably have been expected to make the Khobar Towers apartment complex secure. They cited scores of preventive measures that General Schwalier took and noted that the truck bomb was too large to defend against in any case.

Air force members have warned that any punishment of General Schwalier would demoralize the force and handicap future operations by driving field commanders to focus more intently on protecting troops at the expense of other duties.

Anticipating Mr. Cohen's decision, General Ronald Fogleman, chief of staff of the air force, resigned Monday, saying he felt "out of step" with the Pentagon leadership on the issue. He had publicly defended General Schwalier.

General Schwalier was commander of the air wing in Dhahran, which flew patrols over southern Iraq, when a bomb-laden truck exploded outside the Khobar Towers complex, killing 19 U.S. airmen and wounding hundreds of others. The Senate had approved General Schwalier's promotion to two-star rank before the June 1996 attack, but the move was suspended pending review of the bombing. In the meantime, General Schwalier assumed a previously planned and prestigious assignment supervising air force operations worldwide.

Mr. Cohen was to meet with President Bill Clinton on Thursday to recommend that General Schwalier's promotion be undone, which would effectively end his military career.

Mr. Cohen's decision carries far-reaching implications for commanders and their responsibility to guard against terrorist attack despite often imperfect intelligence. The question of responsibility for the Dhahran bombing has prompted fierce arguments among generals and lawmakers over whether field commanders are being held to unrealistically high standards.

What If the Suit Hadn't Fit?

NASA's Shift of Plans Catches Russians Off Guard

Reuters

MOSCOW — Russian space officials said Thursday that they were surprised and confused by the sudden U.S. decision to replace the next American astronaut scheduled to join the troubled Mir space station.

"For us it was very unexpected," said Valeri Lyndin, a spokesman for Mission Control, outside Moscow.

On Wednesday, Wendy Lawrence, an astronaut with the National Aeronautics and Space Administration, appeared at a news conference eager to fly aboard Mir and replace Michael Foale in September. Then NASA officials announced that David Wolf, her backup, would take her place aboard Mir. U.S. officials said they made the decision because Ms. Lawrence, a navy pilot, had no experience with spacewalks and the Orlan Russian spacesuit did not fit her.

Boris Kryuchkov, deputy director of Russia's Star City cosmonaut training center, said Thursday that since the American woman pilot was not expected to make any spacewalks, she had never been fitted for a Russian space suit, all of which are the same size but have adjustable arms and legs. Ms. Lawrence is 1.6 meters (5 feet 3 inches) tall.

Also Thursday, Russian cosmonauts Anatoli Solovyov and Pavel Vinogradov left for the Baikonur cosmodrome in Kazakhstan ahead of their scheduled Aug. 5 trip to Mir.

Mars Rover Gets Rock Out of Its Shoe

The Associated Press

LOS ANGELES — The Mars rover was able to get itself out of a jam after a rock got stuck in one of its cleated wheels and stalled a wheel motor.

Sojourner freed its wheel using a solution practiced in tests in a sandbox. Designers programmed it so that if it ever noticed that such a jam occurred, it would stop, back the wheel up and let the rock fall off.

Jak, 70, Acerbic Cartoonist For Evening Standard, Dies

The Associated Press

LONDON — Jak, 70, the combative newspaper cartoonist whose sharp-witted work entertained Londoners and occasionally outraged them for more than 30 years, died Sunday after surgery following a heart attack.

Jak, born Raymond Jackson, joined The Evening Standard in 1952 and worked there for 45 years. London-born and bred with a wry sense of humor, he punctured the pomposity of politicians and revealed the absurdities of state affairs.

"He will be remembered as one of the finest political cartoonists," Prime Minister Tony Blair said in an interview with the paper.

Chen Daisun, 97, Economist And Adviser for Beijing

The Associated Press

BEIJING — Chen Daisun, 97, a prominent Chinese economist, died Monday after an undisclosed illness, the state-run Xinhua news agency reported.

Mr. Chen earned a doctorate at Harvard University in 1926. He later taught at top Chinese colleges and worked as an adviser to the government.

Miguel Estrada Iturbide, 88, who helped form the National Action Party in 1939, died Tuesday in the western city of Morelia, Mexico.

BRIEFLY

Franck Silvan/Agence France-Presse

AFTER YOU — Prime Minister Mahathir of Malaysia, left, welcoming Prime Minister Sharif of Pakistan to Kuala Lumpur on Thursday.

5 Japan Extremists Sentenced in Beirut

BEIRUT — Five members of the Japanese Red Army extremist group were sentenced by a court here Thursday to three years in prison for using forged documents and illegally residing in Lebanon.

Although the Beirut Criminal Court hailed one defendant, Kozo Okamoto, for his "heroic action against the Israeli enemy," it ordered the five defendants expelled from the country once they completed their sentences.

Japan has asked for the extradition of the Red Army members, but Tokyo and Beirut are not linked by an extradition treaty and it is up to the Lebanese cabinet to decide whether to hand them over.

Mr. Okamoto is the sole survivor of a 1972 attack on Tel Aviv's Lod airport, in which more than two dozen people were killed. He was sentenced to life in prison in Israel but was freed in a swap with Palestinian guerrillas in 1985. The others convicted were: Kazuo Tohira, Haro Wako, Masao Adachi and Mariko Yamamoto, the lone woman. *(AFP)*

Car Bomb in Algiers

PARIS — A car bomb killed eight people and wounded 25 others outside a restaurant in El Biar, on the outskirts of Algiers, Algerian newspapers reported Thursday.

The blast Wednesday ended a two-week lull in terrorist attacks in the capital. It coincided with an attack on a police patrol in another area that killed a policeman and a civilian and wounded two policemen, Le Matin newspaper said.

The last big bomb in Algiers exploded in a market July 14, killing at least 21 people and wounding about 40. *(Reuters)*

Kenyans Call Strike

NAIROBI — Kenyan reformists will call for a nationwide strike next week unless President Daniel arap Moi responds to their four-month-old demand for democratic reforms, reform leaders asserted Thursday.

If the strike does not work, "there will be intensified peaceful mass action," said Kivutha Kibwana, an opposition leader. *(AP)*

Burundi Executes 6

BUJUMBURA, Burundi — Six people who were sentenced to death for taking part in the genocidal slaughter of Tutsi and Hutu in 1993 were hanged Thursday after a criminal court here rejected their appeals, the Justice Ministry said.

The three Hutu, two Tutsi and one Twa were convicted in February, March and April in connection with the genocide that took place after the assassination of Burundi's first democratically elected president. *(AP)*

Egypt Cracks Down

CAIRO — After repeated reports that businesses were using thugs to settle financial disputes, the government has applied emergency laws to battle the problem.

The media reported Thursday that the government has issued decrees to broaden the use of emergency laws that allow the police to detain suspects without charge and to put them on trial before military courts.

Justice Minister Farouk Seif el Nasser said thuggery has become "a kind of social terrorism" that needed to be dealt with promptly.

But Al Wafd newspaper said: "After 16 years of applying an emergency law, we do not need laws that bring us back to the old ages of tyranny and dictatorship." *(AP)*

Sierra Leone Coup Leader Says He Will Hold Power

Compiled by Our Staff From Dispatches

FREETOWN, Sierra Leone — Defying international pressure, the leader of the coup that ousted Sierra Leone's elected president has declared that the military junta will hold power for at least four more years.

Major Johnny Paul Koromah's announcement, broadcast Wednesday night, swiftly triggered the collapse of negotiations between the junta and neighboring West African nations.

Delegates from those nations sought a tightening of economic sanctions to force the junta to reinstate President Ahmad Tejan Kabbah, a civilian who was ousted in the coup May 25.

They said that with fuel for power generation and basic transportation running short in Sierra Leone, and with food prices soaring, their aim was to put pressure on the government while stopping short of military action.

But Major Koromah, 33, said his regime would not be stampeded into a return to civilian government and was ready to fight any aggression "to the last drop of its blood."

The Nigerian foreign minister, Tom Ikimi, said Major Koromah had reneged on an agreement to reinstate Mr. Kabbah. Mr. Ikimi said that he and foreign ministers from Ivory Coast, Ghana and Guinea would recommend to Nigeria's military ruler, General Sani Abacha, who is chairman of the Economic Community of West African States, that an embargo should be tightened to ensure Mr. Kabbah's return to power.

Nigerian-led troops are in Sierra Leone under a pre-coup defense pact. Their attempt to dislodge the coup leaders with a naval bombardment June 2 backfired when Sierra Leone soldiers and rebels attacked exposed Nigerian positions.

In his broadcast, Major Koromah said presidential elections to return Sierra Leone to civilian rule would be held in November 2001. He made no mention of Mr. Kabbah, who took office in March 1996 after multiparty elections that ended four years of military rule.

Conditions in Sierra Leone have deteriorated sharply since the coup, with food and medical supplies dwindling because of the West African naval blockade and limited highway access. *(AP, Reuters)*

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Albania Is Eager for Return of U.S. Military

By Edward Cody
Washington Post Service

TIRANA, Albania — It seemed like a good idea at the time. Albania had a president eager for close relations with the United States to help usher his abysmally poor nation into the European club. U.S. military planners, faced with an out-of-control conflict in nearby Bosnia-Herzegovina, were eager for a compliant country to serve as a military and intelligence platform for the unstable Balkans.

This marriage of interests — between a prostrate country just emerged from four decades of xenophobic communism and the world's only remaining superpower shopping for regional allies — flourished for a while and seemed destined to grow. But this being the Balkans, things swiftly got complicated, and before long they were impossible.

First, the strategic partnership was strained last year by a president in Tirana who, it turned out, resented political advice from Washington. And since this spring, it has been put on hold because of a violent rebellion that swept across Albania, pushing the president from power and shattering the military along with most of the country's other institutions.

The question facing officials in Washington and Tirana now is whether they can — or should — pick up the pieces and renew the extensive military cooperation that had given the Pentagon hopes of a reliable ally in an explosive region and Albania hopes of developing a modern army capable of membership in the North Atlantic Treaty Organization and other European groupings.

For Prime Minister Fatos Nano's new government, which took office July 24, the answer is clear. On Tuesday, Defense Minister Sabit Brokaj handed U.S. Ambassador Marisa Lino

NEWS ANALYSIS

a formal request that American military advisers return and that military aid and training of Albanian officers resume with the same intensity as before.

"With the new government starting work now, we hope the military activities with the United States can return to the same level as before, and even get better," said the deputy defense minister, Alfred Moisiu.

But the Pentagon is cautious. One official there said the United States will consider nonlethal material aid, such as vehicles and radios, but only when the army here is re-established enough to protect its military stockpiles from bandits like those who looted arsenals last spring.

But he added that $300,000 remaining from a $600,000 appropriation under the International Military Education and Training program has been cleared to resume flowing.

The U.S. military advisers and an assistance specialist in the military attaché's office also can return to Tirana soon, the official said, but there has been no discussion so far of the larger-scale aid promised in 1995, when then-President Sali Berisha looked like a dependable ally and the military relationship was at its peak.

At that time, U.S. reconnaissance planes were flying out of Gjader Air Base in northern Albania to photograph bombing targets and monitor Serbian communications in Bosnia. U.S. military advisers were involved in everything from marine map-making to antiaircraft batteries, while their Albanian counterparts trained in the United States.

"We got a lot of good from the relations," said a retired major general, Perlat Sula, who led the Albanian Air Force and ground-based air defenses at the time. "Thanks to these contacts, there was a lot of evolution among the Albanian officers."

The U.S. adviser attached to the defense minister, a retired colonel, Denny Lane, became particularly popular with Albanian officers. Among other things, he helped trace the names of a number of U.S. soldiers and intelligence agents who made contact with resistance forces World War II.

The Pentagon also promised Albanian officers $2 million in aid from its 1996 budget that would include a pair of TOW antitank missile systems and five Vulcan antiaircraft batteries. The word was that this was only the beginning.

Albania, already an active participant in NATO's Partnership for Peace program, appeared to its top military officers to be headed for full NATO membership. This was a welcome perspective for a military that since World War II had passed from alliance with the Soviet Union to alliance with China to a fierce isolationism.

Then, about 40 months after it began, the U.S.-Albanian love affair soured. Mr. Berisha, accused of human rights abuses, led his Democratic Party to an overwhelming parliamentary majority in May 1996 in an election that was widely condemned here and abroad as a fraud. Although the military contacts continued, Washington began distancing itself from the leader it had so ardently embraced only a few years earlier.

Mr. Berisha, who was growing more authoritarian and less willing to heed advice, responded by forcing Colonel Lane to leave, according to high-ranking officers.

Although Colonel Lane was replaced and the adviser team remained, there was no more talk of big-ticket aid. The TOW missiles, anti-aircraft systems and trainer jets were never delivered. At the same time, the war in Bosnia wound down, and the U.S. spy-plane operation at Gjader drew to a close, thus reducing the immediacy of Albania's strategic value.

The final blow came in January, when a network of pyramid-investment schemes collapsed, touching off public rage that resulted in a violent revolt against Mr. Berisha and left much of the country in the hands of armed gangs. American citizens and the advisers were evacuated, effectively ending the military program.

Gerard Julien/Agence France-Presse

Prime Minister Fatos Nano at an aid conference on Albania in Rome on Thursday.

German Orthography Reform Spells Trouble

By Alan Cowell
New York Times Service

BONN — Just a year ago, it was all settled. A new generation of Germans would traverse its school years with no exposure to the last vestiges of Gothic spelling, entering a brave new world of orthography in which, for example, spaghetti would lose its H and ketchup would gain an S, and German, the language that so befuddled Mark Twain, would be, well, simple. Or so it seemed.

The people who print dictionaries printed new ones with all the new spellings. The new orthography, which took a decade to negotiate and was the first since 1901, was introduced in elementary schools.

Austria and German-speaking Switzerland pressed ahead with the reforms. But in Germany, the complex effort to smooth a complex language has tripped not only into confusion but also into a profound philosophical debate about the relationship between education and democracy.

On Tuesday, in response to a legal challenge, a court in the state of Hesse in Wiesbaden, near Frankfurt, ordered a halt to the introduction of the new orthography in the state's schools because it infringed on parental rights over their children's education.

On Wednesday, a court in Weimar in Thuringia, another of Germany's 16 federal states, ruled that it constituted no infringement.

Because it would be inconceivable for one German state to use different spelling from another, most commentators here said the impasse was likely to be resolved by a higher court or by Parliament.

But some German officials saw the challenges as a sign that the new orthography would fail. "The child has finally fallen into the fountain," said Juergen Ruettgers, the education minister in Bonn, employing fairly old German usage to say that the reform had fizzled.

Some have taken the resistance to the new spelling as emblematic of broader national characteristics — conservatism, fear of change, or, as Horst Wenzelburger, a member of a parents' group in Frankfurt put it, "German self-righteousness."

According an opinion survey last year, only 12 Germans of every 100 favored the changes, even fewer than the number who support the introduction of a new Europe-wide currency. Indeed, in many parts of Germany, opponents have banded together to gather signatures demanding a referendum on the reforms.

If the legal results of the case provide a clue to the opponents' concerns, the real issue is not one of spelling at all, but of much headier matters redolent of Germany's tortured recent history: democracy and the separation of legislative and administrative powers and the reinforcement of human rights that may not be circumscribed by the kind of decree issued collectively by the state governments last year to introduce the spelling reforms.

The court in Wiesbaden ruled on Tuesday: "Teaching according to the new regulations of German orthography in the subject of German and in all other subjects would be possible only if the introduction of the orthography reforms had been ordered by a law. No such law exists."

The ruling came in response to a case brought by the father of two sons who objected to the new spelling rules. The father was not identified by name in the court documents.

"From the principles of a state based on the rule of law and of democracy, it is clear that basic decisions in schooling are to be made by the legislature, not by school administrations," the ruling said.

Just to make matters mistier, though, the court in Weimar addressed the same issues Wednesday with different conclusions. "These areas," it said, referring to the same democratic principles, "are not affected by instruction according to the reformed orthography."

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BRIEFLY

Jospin Wants To Relax Immigrant Restrictions

PARIS — A report on immigration ordered by Prime Minister Lionel Jospin, a Socialist, recommends relaxing some of the tough measures adopted by the previous conservative government.

The report, issued Thursday, said the government should streamline immigration procedures, adopt measures that promote family reunification and broaden criteria for political asylum.

The proposal also includes changing naturalization laws to allow all children born in France automatically to receive French citizenship.

One of the first laws the conservative government passed after its election in 1993 took away that right. The law now requires children born on French soil of foreign parents to ask formally for citizenship on their 18th birthday if they want to be French. *(AP)*

German Dike Crumbles

BAD FREIENWALDE, Germany — Thousands of people were evacuated Thursday from their flood-threatened homes along the Oder River in eastern Germany, and even the soldiers fighting to save their villages were forced to retreat temporarily for fear the crumbling dike would break.

Nonstop sandbagging around a major tear prevented a complete break overnight, but the dike cracked again before dawn, prompting the evacuation of another 8,500 residents from the Oderbruch flood plain, northeast of Berlin. *(AFP)*

Cash for Terror Victims

MADRID — Spain is to donate the proceeds a special draw of the national lottery to the victims of "terrorism" and their families, the government announced Thursday.

The Spanish national lottery is one of the richest in the world. Its jackpots often run to several millions of dollars. *(AFP)*

Chechen Talks Sought

GROZNY, Russia — Amid fresh signs that Russia and Chechnya want to work out their differences, a top Chechen official said Thursday that the republic would propose a draft treaty giving it the status of an independent state.

Such a proposal is unlikely to be swiftly embraced by Moscow. President Boris Yeltsin told the ITAR-Tass news agency Wednesday, "We are not ready so far for another full-scale treaty."

But the proposal could be a negotiable starting point for talks that Mr. Yeltsin wants to have soon in Moscow with Aslan Maskhadov, president of Chechnya. The Russian leader expressed interest this week in an agreement with Chechnya that would resemble Moscow's relations with other regions, such as semi-autonomous Tatarstan. *(AP)*

For the Record

The European Union has asked the new Yugoslav president, Slobodan Milosevic, to accept international observers at Serbia's next legislative and presidential elections, set for Sept. 21. *(AFP)*

The Italian Parliament on Thursday approved a bill introducing a ban on the production, sale and use of anti-personnel land mines. Italy has been singled out in the past by the United Nations as a major producer of many of the 120 million land mines planted worldwide. *(Reuters)*

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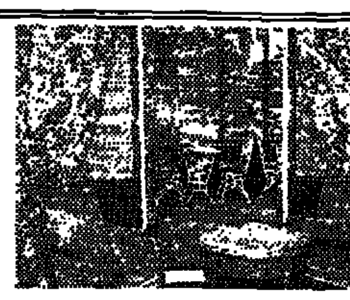

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EDITORIALS/OPINION

International Herald Tribune
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Don't Bow to Terror

The Middle East's terrorist bombers know all too well when violence is most likely to disrupt the delicate political chemistry required to move the peace effort ahead. The double suicide bombings in Jerusalem on Wednesday were clearly timed not only to block the planned resumption of negotiations between Israelis and Palestinians but to make it more difficult for Benjamin Netanyahu to take the risks required to make a permanent peace.

Prime Minister Netanyahu must resist the understandable temptation to freeze the peace effort indefinitely in hopes of enhancing Israeli security and mollifying cabinet colleagues opposed to further discussions with Palestinian leader Yasser Arafat.

Mr. Netanyahu in recent weeks has edged toward a resumption of negotiations, despite strong resistance within the Likud Party leadership. It has not been easy for him to stand in the way of a Jewish housing project in Arab East Jerusalem, or to rebuff Ariel Sharon's effort to become finance minister. With the help of Egyptian and U.S. diplomacy, he has shown new willingness to look beyond the setbacks of the last six months and his own doubts about the Palestinian commitment to peace.

Those doubts are not without foundation. The Palestinian Authority agreed to take specific steps to combat terrorism and to help assure Israeli security. It has done a poor job. Mr. Arafat, at a minimum, has created a climate of tolerance for terrorism. He has condoned, if not instigated, violent Palestinian protests. Last week Palestinian security forces arrested four police officers in Nablus after Israel accused them of planning to attack Jewish settlers. Mr. Arafat has also detained and released suspected terrorists to suit his political needs instead of bringing them to trial. In May, the Palestinian justice minister announced a death sentence for any Palestinian who sold land to Jews. He was later dismissed.

After a period of national mourning, Mr. Netanyahu should look once again to the peace effort, provided Mr. Arafat cracks down on terrorism.

The two sides were preparing to negotiate the opening of an airport in the Gaza Strip and the terms of travel between Gaza and the West Bank. U.S. mediator Dennis Ross was to return to the region this week to encourage additional steps, but has now postponed his trip. If talks are restarted, Mr. Arafat must realize that it is difficult for Israel to give the Palestinians ports of entry that can be used for weapon smuggling until it believes that Palestinian officials are no longer flirting with terrorism.

The Jerusalem bombings are the deadliest act of terrorism since Mr. Netanyahu took office 13 months ago. Having won election on a platform of peace and security, he now faces pressure to put security ahead of peace. It will take courage to return to negotiations in the weeks ahead, but that ultimately is the only way to make Israel secure.

— THE NEW YORK TIMES.

Not Pol Pot Alone

For the first time in 18 years, Pol Pot, one of the century's most evil figures, has been sighted by a Westerner and shown on American television. It is as if Hitler or Stalin had resurfaced two decades after his genocidal crimes. Pol Pot, whose Khmer Rouge movement turned Cambodia into a concentration camp where a million people died in four short years, now appears as a feeble old man, supported by two soldiers as he walks, fretfully clutching a scarf to his neck.

Why is this sight, filmed in the remote jungle by journalist Nate Thayer and a cameraman companion, so disturbing? Partly it is the unsatisfactory letdown of a show trial to which Pol Pot has been subjected. Now victimized by the Stalinist and Maoist style that he helped bring to Cambodia, he is shown sitting on a rickety chair as hundreds of erstwhile Khmer Rouge compatriots shout in unison for him to be "crushed, crushed, crushed." Is it truly a fall from power, or a Pol Pot ruse within Cambodia's tangled politics? Outsiders cannot be sure. We can be certain, though, that this is not the international war crimes tribunal that alone could provide justice and satisfy history.

But the scene disturbs for another reason, too. To see this malarial old man is to render human the monster of our imagination — and to remind us that he cannot have committed his crimes alone. We like to pretend that the awful genocides of the 20th century were the works of evil geniuses — Hitler, Stalin, Mao, Pol Pot — beyond the control of ordinary people like ourselves. Yet Pol Pot could not have enslaved his nation without many willing collaborators, inside and outside Cambodia. Even the United States, which now (rightly) demands his apprehension, offered indirect support and cooperation when it suited U.S. geopolitical needs.

This reality becomes all the more painful as we watch history repeat itself. A new tyrant even now is consolidating his rule in Cambodia. Hun Sen, himself a former Khmer Rouge lieutenant, has not committed crimes on Pol Pot's scale, yet the reports now emerging from Cambodia of torture and summary executions are horrifying enough. And once again people inside and outside Cambodia are making their accommodations. Quislings in the party of ousted Prime Minister Norodom Ranariddh scramble to take his place, offering Hun Sen a constitutional fig leaf. Donor countries such as Japan proffer aid, taking with a straight face Hun Sen's promise to restore democracy. Perhaps 20 years from now, Hun Sen will face a trial someplace — and everyone will again pretend that he acted all by himself.

— THE WASHINGTON POST.

Invisible Drivers

There was a demonstration last week of what The Associated Press calls America's "first stretch of automated highway that enables computers to do the driving for you." It uses magnets, sensors and video cameras to help guide driverless cars along a short stretch of experimental road near San Diego. The project seems to be serious; a consortium of corporations and academics is working on it. A spokesman said of the automated roadway: "It's really exciting for about the first 15 seconds; then it gets really dull."

This may remind some of the days just after World War II when the papers and magazines were full of speculation about the marvelous new conveniences that would become available once the country's manufacturing and technological enterprises could be turned to peaceful pursuits. The self-driven car was a special favorite then, often presented in vivid, Popular Mechanics-style drawings: a bubble-topped vehicle that might roll on wheels, levitate or both. The important thing was that it drove itself, leaving those inside the car free to eat their bacon and eggs, smoke cigarettes or play canasta with the family robot.

What actually happened after the war was that American drivers, whether they went for primitive, leaky, British sports cars or the ever more oversized generation of postwar American land cruisers, kept their hands firmly on the wheel. For the truth is that driving has never been just another bit of drudgery — like washing clothes by hand — to be done away with at the first opportunity. It is a part of people's personality, a skill to be mastered, a duty even — although admittedly many people do a horrible job of it.

The current trend — immense truck/sport/utility vehicles whose power, size and rock-climbing capabilities have no relation whatever to the needs of the urban families inside them — testifies to the continuing role of cars as vehicles for self-expression, not to mention self-aggrandizement.

But it is also true that many people are spending an increasing proportion of their lives in their automobiles, often, out of necessity, having to shave, drink coffee, telephone and eat on the move. Perhaps, when the smart road is ready, many such motorists will gladly give up control of the wheel in return for a little more time at the laptop.

We wonder, though, what happens when the first malfunctioning magnet, sensor or video cam sends one self-guided vehicle crashing into another. Who gets to sue whom?

— THE WASHINGTON POST

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But What About the U.S.-Russian Relationship?

By Thomas L. Friedman

WASHINGTON — Now that Poland, Hungary and the Czech Republic have been invited to join NATO, the Clinton team is again peddling the notion that it's all O.K.: NATO can be expanded, Russia won't care, the costs will be minimal, and anyone who opposes it is a Yalta-loving, umbrella-carrying, Munich-leaning isolationist.

Hogwash. NATO expansion is earing away at what really matters: the U.S.-Russian strategic relationship.

When you ask Clinton officials how NATO expansion will affect Russian implementation of the most far-reaching nuclear arms reduction treaty ever signed, START-2, they mumble that Boris Yeltsin tells them it will all be O.K., but they can't say for sure. They can say for sure that Poland has to be in NATO, because there are votes in that, but they can't say for sure how this will affect nuclear missiles pointed at America. What a way to run a railroad.

Well, someone who can tell you was in Washington last week: Alexei Arbatov, deputy chairman of the Russian Parliament's Defense Committee. Mr. Arbatov is a democrat and a strong advocate of U.S.-Russian cooperation and arms control treaties, and here is what he had to say:

First, there remains "a widespread feeling of betrayal among Russian democrats." The way NATO expansion was forced on Russia, after all the talk about cooperation, was "a shock for those trying to improve relations."

Second, after the Soviet Union collapsed the general consensus in the Russian foreign policy elite was that the major threats to Russian security would come from the south (the Muslim world) and eventually the East (China). NATO expansion has shifted Russian thinking to the view that there will also be a long-term threat from the West. "The consensus now is that, at best, the West will be neutral and may even be hostile. But for sure we will not be strategic partners. We will be rivals."

Third, Russia is now embarking on a major debate about how much to downsize its conventional armed forces, and "NATO expansion will figure into every discussion and paper written on the military reform question."

Hard-liners are already using it to embarrass advocates of sweeping reform. Even centrist Russian strategists now argue that with NATO expanding, and Russia's army shrinking, Russia will have to rely more heavily on nuclear deterrence and a doctrine of first use of nuclear weapons.

Mr. Arbatov said that even with a smaller defense budget he expected that appropriations for long-range nuclear weapons would grow by 100 to 150 percent over the next two years.

Fourth, in the wake of the NATO expansion there is "no chance whatsoever" that Russia's Parliament will ratify START-2 by this fall, said Mr. Arbatov, a supporter of the treaty. If START-2, which calls for the United States and Russia to slash long-range nuclear weapons from 7,500 to 3,500 each, is not ratified before NATO expansion is ratified by the Western parliaments, the treaty will probably remain in limbo. "Yeltsin promised at Helsinki that he would move quickly on START-2," said Mr. Arbatov, "and when he came back to Moscow he immediately 'forgot' about it."

What Mr. Arbatov is saying is that a price is already being paid for NATO expansion. America's allies in Russia are feeling less room to maneuver. And those U.S.-Russian strategic accords already signed, but not implemented, are even less likely to be.

The only reason things are not worse is because the West has Boris Yeltsin. He is a huge, unique, historic figure, who has suppressed and absorbed the simmering U.S.-Russian tensions over NATO. But we are living in a fool's paradise. Boris is sicker than people think. And when he goes, these tensions will come roaring to the surface.

I can understand the Poles or the anti-Russian Cold Warriors not worrying about this. But I can't understand those U.S. officials who value the U.S.-Russian relationship, like Deputy Secretary of State Strobe Talbott or Senators Joe Biden and Dick Lugar, selling it out for NATO expansion. Oh, they say, it won't damage U.S.-Russian relations.

Sure. Tell that to Alexei Arbatov.

The New York Times.

Peace Will Take More Than Just Saying 'No' to the Terrorists

By Flora Lewis

PARIS — The double suicide explosion in Jerusalem's central market has been the worst setback to hopes for peace since the assassination of Prime Minister Yitzhak Rabin in 1995. But for the last year the fading "peace process" has been more illusion than action.

Whatever their real intentions may be, and they much mistrust each other, neither Benjamin Netanyahu nor Yasser Arafat any longer seems really capable of delivering on the goal. Both have to worry about their extremists and try, one way or another, to placate them.

But they only succeed in emboldening the intransigent and disheartening those who do understand that peace has to mean compromise.

Once again, world leaders proclaim that the "enemies of peace" who deliberately use terrorism or provocation to make compromise impossible must not be allowed to win. Of course, but it isn't enough just to say "no," and there have been no initiatives to counter them.

Making what has become the conventional condemnation of the bombers, who took great care to inflict maximum casualties, Mr. Arafat said their act was also "bad for Palestinians." That is certainly true.

His own people are deeply disappointed with the meager results he has brought them, not only because of the very limited gains of autonomy but because of his own regime.

Palestinian critics estimate that about half of the foreign aid intended to boost their barely existent economy has been siphoned off in corruption. They have called on him to fire his cabinet and start over.

The press has been censored, and one widely respected Palestinian journalist was arrested for broadcasting on a small, unofficial station the actual proceedings of the elected Parliament. He was released after an international protest, but there is no sense that the "Authority," as Israelis call what the Palestinians consider their government, is about to become democratic. Mr. Arafat has established half a dozen different police and security forces, responsible to him but often more competitive than coordinated, to prevent the emergence of a rival power.

It is questionable whether he could, as Mr. Netanyahu demands, fully suppress the terrorists, who have links with outside forces and a long experience of acquiring clandestine skills. That is the wages of the PLO's own history.

It would probably require a repressive police state to the extent that most Palestinians would come to hate their regime as much as they hate the Israelis. That could not be the way to coexist peacefully.

Mr. Netanyahu has done nothing to help the PLO encourage its own peace supporters. Closing off not only Israel proper, so that Palestinians cannot work there, but also transit between Gaza and the various enclaves on the West Bank ensures economic doldrums.

There has still been no advance on Israeli permission to open an airport and build a port at Gaza, needed for trade. That was to have been discussed in the next round of negotiations, now canceled, and no promises were made.

Leak of an Israeli plan to include only some 30 percent of occupied territory in a new proposal for a definitive solution diminished what hope existed that Mr. Netanyahu had any thought of ceding a viable state to the Palestinians. "They will have to lower their expectations," a senior Israeli official, who was nonetheless a supporter of Mr. Rabin, said of the new plan. Building in Jerusalem only exacerbates despair.

When Mr. Rabin and Mr. Arafat sealed the Oslo agreement with a White House handshake, unleashing much euphoria, the question was asked whether the peace process had become irreversible. The answer then was "yes and no." It still is.

Now peace looks far out of reach, but neither can the situation go back to where it was when the seven-year stone-throwing intifada was ended. Now the Palestinians also have arms. They cannot withdraw recognition of Israel, but they cannot be pacified without a real surge of hope.

What is to be done? Clearly mumbles about renewing the peace process are no solution. There is no prospect of a breakthrough that would make a real difference. Oslo came after the frustrations of the intifada on the Israeli side and the Gulf War on the Palestinian side. What kind of major frustrations would it take to convince both sides to make a serious try for peace again?

The United States is the only outside power that still has some influence, but it is reluctant to use it. It would matter if the American Jewish community urged President Bill Clinton to tell Prime Minister Netanyahu that he, too, must make concessions. But the terrorism makes that all the more unlikely. And it settles nothing. The prospects are bleak.

© Flora Lewis

It's Time for Americans to Worry About Stagnation of Wages

By Alan B. Krueger

PRINCETON, New Jersey — Wall Street's chief fear has been that wage increases will exceed inflation, depressing corporate profits and igniting an inflationary wage-price spiral.

Main Street's chief fear has usually been the opposite: that wage increases will fail to keep pace with inflation, lowering living standards and forcing more family members into work.

Six years of economic recovery have generated 13 million net new jobs and the lowest American unemployment rate in 24 years. Market analysts and the Federal Reserve have carefully watched for signs that the tightest job market in memory might fuel inflation.

The slight increase in employment costs that the Labor Department reported on Tuesday was scrutinized for its effect on inflation. Sensing little inflationary pressure, the market hit a new high.

Little attention was given to what the slow growth in wages and fringe benefits means to the workers themselves. Isn't it time for economic policymakers and the press to stop treating bad news for workers as good news for the economy?

The slowly growing real wages of many Americans — especially the least well-off — still pose a long-term problem that is best addressed while the economy is strong.

The maze of statistics often tells a conflicting and confusing story, in part because different segments of the workforce are faring differently. Comparing wages at comparable phases of the business cycle reveals some striking trends.

From 1979 to 1989, the inflation-adjusted wage rate of the worker in the bottom 10th percentile — someone earning just above the minimum wage — fell by an astounding 16 percent. The real wage of the median worker fell by 2 percent. Only higher-income workers did well. At the 90th percentile, pay increased by 5 percent.

From 1989 to 1997, real wages for workers at the bottom essentially stopped falling, and the growth of wages for workers at the top continued at a more moderate pace. But wages for the majority of workers in the vast American middle class continued to erode, with the median worker's wage falling by 5 percent since 1989.

There is reason for skepticism that rapid pay increases will return any time soon. In the last year the real median weekly wage of full-time employees increased by just 0.3 percent.

No one knows for sure why wages have been stagnant. Obvious candidates include increased international competition, the decline of unions, deregulation and technological change. Whatever the reasons, the vast middle is sagging relative to the bottom and top. This has kept inflation at bay.

With subdued growth in wages, why does the public express such satisfaction with the economy? In part it is simply because the economy has improved. Finding a job has rarely been easier. Inflation is low. The steep decline in wages among the lowest-paid workers has come to a halt.

Many economists think that these reported wage trends are too pessimistic because the measured inflation rate overstates the rise in the true cost of living by inadequately adjusting for new and improved products. And the 40 percent or so of Americans who own stock have enjoyed a tremendous boom.

But people must think we are in an Alice-in-Wonderland economy. If real wages don't pick up, the reported satisfaction with the economy could ebb.

It has gone almost unnoticed that there is some room for wages to grow without igniting inflation. Employers' health insurance costs are now falling, and a sudden turnaround seems unlikely. The cost of other fringe benefits is increasing less than inflation. There has also been an unprecedented decline for six straight months in the price of intermediate goods like parts and components.

Combined with a recent increase in productivity, these savings could permit wages to grow without increasing prices. And with profits at record levels, profit share could decline to accommodate wage growth and reduce price pressures.

Rapid economic growth has not been sufficient to lift real wages. We are in danger that when this economic upswing ends, it will be the first recovery on record in which the real wage of the median worker fell.

The economy has so successfully eliminated inflation and generated job growth that we can now turn to the problem of wage stagnation.

The writer, a professor of economics and public affairs at Princeton University, served as chief economist at the Labor Department in 1994 and 1995. He contributed this comment to The New York Times.

It's All About Cutting Up the Pie

By Jane Bryant Quinn

NEW YORK — Deep down, American elections aren't about economics. It only seems that way. Elections are about cutting up the pie. Who gets the tax cuts? Who gets the subsidies and spending programs? Which businesses or causes get a respectful hearing? Who sleeps in the Lincoln bedroom?

Democrats make different choices than Republicans do, but they are each handing out the money in their separate way. No matter how cynical you become, it's never enough to keep up.

Congress has more say than any president about cutting up the pie. That is why, in the current race for the goodies, the Republican constituency stays so firmly in the lead.

A president can counter by vetoing anything too wide of his mark. This is the endgame being played out in Washington today: taxes and spending as a spoils system, in as naked a display as you will ever see.

The petitioners try to spread a verbal fig leaf over their desires. Take the tax cut on capital gains. They say, "Gotta have this cut to encourage entrepreneurship and investment in stocks." But who are they kidding? Entrepreneurship is booming, and the Dow Jones Industrial Average is kissing 8,000.

There is no economic reason to cut the capital gains tax. Stated correctly, the reason is, "My rich homeboys (buddies, contributors) want to pay less."

Reduced capital gains taxes won't affect people who invest through retirement plans, the favored vehicle of the middle class. Withdrawals from retirement plans are taxed at ordinary income rates. Capital gains taxes are due on profits racked up outside these plans. Such gains mostly accrue to the well-to-do.

There is no economic reason to cut the estate tax, either. This tax does not stop people from starting businesses or maximizing their investments. Only 1.6 percent of estates were large enough to owe federal taxes last year. Good planning keeps family businesses going.

A few months ago, Senator Trent Lott, Republican of Mississippi, claimed that he had been at a lunch counter in Mississippi and all those folks wanted to talk about was reducing the estate tax. The Wall Street Journal sent a reporter to that same lunch counter to chat about the estate tax, and everybody said "Huh?"

President Bill Clinton's tax deduction and credits for education also lack a sound economic rationale. They are not targeted on improving enrollments. Most of the money will go to students who would have entered college anyway.

The $500 tax credit proposed for each child expressly violates the tax cutters' purported rationale, which is to encourage saving and investment. This credit is a pure consumption booster, in an economy that is already running flat-out.

To promote savings, Congress is promoting an American Dream Individual Retirement Account. Any worker, regardless of income, could put $2,000 into a Dream IRA after tax ($4,000 for couples). If you held for at least five years, you could take out that money for any purpose entirely tax-free.

If the Dream IRA passes, whether to start one will be a no-brainer. Just say "yes."

But many investors will simply be moving money out of taxable accounts into potentially tax-free accounts — cutting their tax bill without increasing their savings one dime. Those who don't have savings already may not be able to afford an IRA.

One tax cut can be sold on principle, as a tax-simplification measure. The tax bill proposes to end the tax on most capital gains when you sell your principal home.

You would not have to roll profits forward or keep a record of the cost of home improvements, as you do now. Married couples could take up to $500,000 in profits tax-free, and singles up to $250,000.

But the wealth gap between renters and home owners (large already) would widen into a chasm. Nothing proposed in this law helps renters reduce their costs.

Personally, I would can all the tax cuts — the capital gains cut, the estate tax cut, the college credits, everything — and put that revenue toward budget balance. Reducing the deficit, which helped bring interest rates down, has done more for the economy and investing — hence more for the largest number of people — than anything else.

In boom times like these, with tax revenues pouring in, you are supposed to balance the budget and build a surplus. Tax cuts should be saved for times when business slows down.

With budget balance within its grasp, Congress has decided to wait for another day. Passing out tax cuts is a lot more fun.

Washington Post Writers Group

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Hairy Business

LONDON — The hairdressers are just now having far from a pleasant time of it on account of the recent fatal accident from having used inflammable hair-wash. "Yes, and you can go further than that," said a fashionable hairdresser, "and inquire into brushes and hairpins, for once a scare sets in there is no knowing where it will end." There is danger in using celluloid haircombs if due precautions are not taken against fire, although there appears no reason for the panicky state of the public mind on the subject.

1922: Glider Contest

PARIS — Fifty entries have been announced by the president of the Association Française Aérienne for the first international soaring competition for gliders without machine motor power. The event is of the greatest importance to the aeronautical world. During the war, the original motorless flying experiments were abandoned when the aeronautical motor proved so effective. Following the armistice, experimenters returned to aerodynamic research.

1947: It Was 'Charity'

PARIS — Seven members of religious orders who were arrested for harboring Vichyite fugitives from justice in their convents invoked "Christian charity" in their defense before a Paris police court. The public prosecutor reminded the defendants that the right of sanctuary had been abrogated in France since 1675. "Don't you realize," the judge asked, "that those whom you protected persecuted Jews of the same race as yourself?" "I am a Christian and a monk," one defendant replied; "and Christ said, 'Do good unto your enemies.'"

OPINION/LETTERS

Clinton Approval Score Keeps Defying Gravity

By Richard Cohen

WASHINGTON — Thirty-four years ago this summer, a kid named Bill Clinton shook hands with a president named John F. Kennedy. The moment, of course, was photographed for history — and, as it turned out, Mr. Clinton's own presidential campaign. For this and other reasons — their youth, good looks and unbridled ambition, among others — the two presidents have often been compared, with Mr. Clinton often coming off second best. Now, though, that may be changing.

Mr. Clinton is emerging as Mr. Kennedy's equal.

The president's triumph is in the numbers. On the date they shook hands, President Kennedy had an approval rating of 61 percent. That was low for Kennedy, who had enjoyed approval ratings in the 70s and high 60s for most of his presidency (he even hit 83 in April of 1961), but as his first term was winding down, so was his phenomenal popularity. President Clinton, in contrast, is going the other way. His latest approval rating was 64 percent.

In fact, there is nothing to suggest that it would not be even higher if measured today. The economy is so good Alan Greenspan has resorted to speaking plain English. Unemployment seems to have gone to Europe and inflation to Brazil. The stock market is up and up, increasing the wealth of the 40 percent of Americans with a stake in Wall Street.

Americans are enjoying the sounds of silence from abroad. This is not to say all is well — Wednesday's bombings in Israel prove otherwise — but, from a strictly parochial point of view, things could not be better: Americans are not dying overseas.

Those twin areas — peace and prosperity — usually make or break a presidency. It hardly matters to the average American if, in fact, Mr. Clinton has merely been in the right places at the right times or, say, that this is an Alan Greenspan-Robert Rubin economy. What matters is that President Clinton presides. He takes the rap, he takes the credit. That's the way American presidential politics work.

In yet another area, though, Mr. Clinton's success is clearly of his own doing: He has reoriented the Democratic Party so that, once again, it can claim the allegiance of the middle class. No longer does it appear to be the party of minority groups — a parade of special interests — but it can now claim to represent Middle America. That, anyway, is how the White House successfully positioned itself during the negotiation with the Republican-controlled Congress over the recently agreed upon tax-budget-and-everything-else bill. Now it's the Republican Party that seems ideologically strident and out of touch with the average American.

It has taken some time for Mr. Clinton's success to become apparent.

He twice won election with less than 50 percent of the vote, the first part of his first term — remember the health care bill? — was a debacle and he has been dogged by scandal, the appearance and the reality. For a man gifted with the narcissist's desire to be loved, he nevertheless remains a polarizing figure.

Some of that, I think, is earned. Mr. Clinton, after all, has cheapened both himself and the presidency by skirting — if not breaking — the laws on campaign financing. His unrelenting rummage sale of nearly every aspect of the White House was just plain tawdry. He occasionally has a hard time telling the truth, his ideology is sometimes hard to detect and he can be a shameless political panderer. He has weakened civil liberty protections and would, if there were any votes in it, support the death penalty for traffic violations.

But there is no denying that at this moment Bill Clinton is triumphant. All this could change, of course. The economy could sour, the stock market could fall and I think it is just a matter of time until someone in Bosnia tests America's resolve by resorting to violence. Success can turn into debacle in a single day.

In a sense, it's silly to compare Clinton to Kennedy. JFK has become a virtually mythical figure and, what's more, he presided in a time of crisis — Cuba, Berlin and always the Cold War. President Clinton has not been able to rise to any crisis because there's been none. His historical burden is peace and prosperity — dull times, dull reading.

But if, as now seems possible, his eight years are followed by a Gore administration (another eight?), he will have established a Democratic political era second only to Franklin Roosevelt's. That may not make him a great president, but it sure would make him a great politician. As President Kennedy himself always recognized, you can't have one without the other.

The Washington Post

Inside the Grand Tour, A Furtive Outsider

By Sam Abt

PARIS — He had a furtive look, which set him apart from the other people in the pressroom at the Tour de France. The others looked bored, happy, busy or any combination of these but not furtive — they belonged. The green card with an individual photograph that hung on their chest said so. The fellow with the furtive look had no green card.

MEANWHILE

Then how did he get past the two guards at the door and into the pressroom? No problem there: Lots of people do it. They like to take photographs of reporters at work, popping bright lights into their eyes. Then they look uncomprehending when a reporter asks if he can visit their grocery or shoe store some afternoon and stare at them, maybe even take photographs while they try to make a sale.

There are also people in the pressroom who do have the proper accreditation, that green card, but have never been known to write an article. Didier, the super fan, is one of them. He shows up at every Tour, and many other big bicycle races, struts a bit and never misses a buffet table. He represents a press agency named for himself and no doubt based in his living room, good enough for whoever issues press credentials.

Unlike Didier, the furtive fellow did not strut. He was too old for that — at least early 50s — and too heavyset. He looked hunted. His eyes were never still, as if he was searching for the person, among the hundreds in the pressroom, who would betray him to the authorities and cause him to be evicted.

Until then, he showed up in the pressroom day after day wherever the race traveled. He seemed to be carrying more too, all of it clutched tightly to his body: In Rouen, at the start, a black briefcase; by Pau, midway through, a couple of filled Tour plastic bags joined the briefcase. He gave the impression of a man fleeing a fire with all his possessions.

Everybody else needed a pass, but he circulated in the by-invitation-only area before each day's stage and waited at the fenced-off finish line afterward. At the long time trial in St. Etienne, where the riders set off individually to race the clock, he collected autographs from dozens of them, crossing the barriers with impunity to chat with riders as they warmed up on rollers. He took photographs, using the kind of camera that gets turned in at the developer's.

It got to be too much, a few reporters felt. Generally they don't like super fans, believing that even if they do no real harm and never get in the way, they burlesque the seriousness of the job. (If that sounds pompous, it is.) Near the end of the three-week race, some of these reporters discussed the furtive man and whether he should be turned in and barred from the pressroom, the finish line, the warm-up area and all the other places where only people with the right papers could go. No decision was made.

The furtive man was around for the last stage, of course, the one on the Champs-Elysées in Paris. Once the riders sprinted across the final line, they all headed for a nearby hotel, and so did he. This time he was clutching not only the briefcase and the plastic bags and his camera and a notepad for autographs but also the hand of a boy in his early teenage years. The boy had thick glasses, a vacant stare and a heavy way of walking, as if he was dragging his thick legs, not striding.

His father was pointing out riders to his son, walking hand in hand to where they were getting off their bicycles, calling them by their first names and introducing the boy. He had spent his Tour making friends and now he wanted them to meet his son. No reason to be furtive about that, is there?

International Herald Tribune

LETTERS TO THE EDITOR

Outer Space Treaty

Regarding "Colonizing Mars?" (Letter, July 30):

There is no need to draft a UN convention on Mars. Such a convention has been in existence for 30 years. The UN Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies — signed Jan. 30, 1967 and in force from Oct. 10 of that year — provides that outer space is free for exploration and use by all states without discrimination of any kind.

Moreover, it indicates that the celestial bodies cannot be subject to national appropriation by claim of sovereignty, by means of use or occupation or by any other means. More than 100 states, including all spacefaring nations, are parties to this convention. There is wide agreement among scholars that the phrase "celestial bodies" includes all planets of our solar system.

So there is no need to contemplate the drafting of a new treaty. The planets are already the province of all mankind.

PIERRE M. MARTIN.
Toulouse, France.

Tunisian Response

Regarding "Too Afraid of Islam" (Editorial, June 20):

The editorial contended that the Tunisian government "has arrested thousands of members and sympathizers of Nahdha, an Islamic party that behaved democratically."

Islam is the religion of Tunisia and no group can therefore claim a political monopoly over it. Tunisians are attached to their faith and realize that fundamentalists attempt to use religion for their own political ends.

It is difficult to see how any definition of democratic behavior can accommodate the activities of extremists who did not hesitate to engage in acts of political violence. Their ulterior motives are too transparent to mislead anybody, and pro-democracy advocates in particular ought to know better than to defend democracy's outspoken enemies.

As to the figure cited in the editorial, fewer than 400 people from this group were tried and convicted a few years ago for their involvement in criminal acts. Their activities were beyond the pale of democratic political behavior in a country that has engaged in a comprehensive democratic process and reached a respectable level of human and social development.

LOTFI BENREJEB.
Washington.

The writer is director of the Tunisian Information Office.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts

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Thinking is more than just sitting ...

Understanding our eating habits requires a very close involvement in all forms of human activity.

Mental effort and a sedentary life-style demand nutrition to sustain thought without the tiredness that heavy foods can give.

Good food is more than taste and convenience; it must give the right nutrients in the right proportions, with calorie level and absorption rate appropriate to the activity.

As the largest food company in the world we must be concerned with food problems in their widest sense, and, by extension, have a close interest in all forms of human activity. This, in the end, is what makes Nestlé products more than just food.

Nestlé more than just the world's largest food company.

هكذا من الأصل

Leisure

TOMORROW: MONEY

DINING

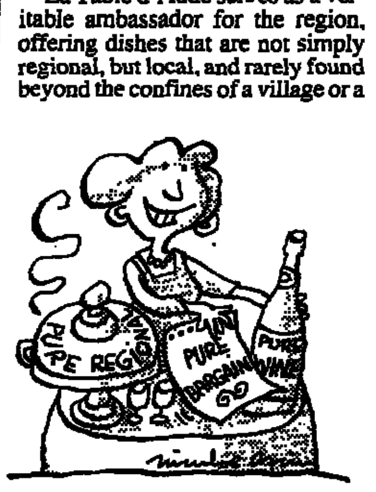
It's Earthy, It's Local, It's French

By Patricia Wells
International Herald Tribune

PARIS — Pure regionalism is all but dead in Paris. Yes, we have foie gras from the southwestern farmyards, *tapenade* from Provencal olive groves and langoustines that sing with the freshness of Brittany seas. But that's all simple veneer, a tease for the palate.

So along comes La Table d'Aude, a tiny rectangle of a restaurant the size of a cozy railroad car, not far from the Luxembourg Gardens. No, this little jewel is not named after a lady chef, but the Aude, as in the French department, that long stretch in the Languedoc-Roussillon beginning in the Massif Central and reaching all the way to the Mediterranean. Both the city of Carcassonne and the Canal du Midi are within its borders.

La Table d'Aude serves as a veritable ambassador for the region, offering dishes that are not simply regional, but local, and rarely found beyond the confines of a village or a



Nicolas Asciu/IHT

farmhouse. Here the food is not just hearty, but earthy, the sort you expect to find while wandering down a country road, searching for a place for an authentic Sunday lunch.

Add to this the warm and chatty welcome of Bernard Pautou and his demure wife, Veronique. And then there's the wine, rich, inky, deep and delicious: Minervois, Fitou, Corbieres and La Clape. The region produces more than half of France's red table wine, and is unquestionably the country's up and coming wine region.

SOUTHWESTERN FLAVORS So, come for the *cassoulet de Castelnaudary*, that rich blend of fat white beans, grilled "Black Mountain" pork sausages, pork skin and a choice of duck or goose confit. Tuck into a *saladette du Cabardes*, a mixture of wilted greens, crunchy raw artichoke slices and morsels of earthy dried pork liver.

The food is salty, but your palate nudges you on — to devour a platter of *haricots du Pere Falcou*, plump white beans cooked to a soft and soothing confit in goose fat, then doused with rich olive oil and a shower of raw minced garlic.

Move on to the chicken *facon Grand Mere*, cooked without fanfare but with plenty of flavor, sauced with a blend of white wine, mushrooms and olives. Or go for the convincing *coq au vin*, properly chewy, marinated and simmered in the red *vin de Limoux*, a generous dose of white onions and a touch of herbs. For dessert, don't miss the refreshing thyme sorbet: You'll feel as though you just walked in from the thyme-strewn woods.

And wash it all down with a 1993 Minervois Fontalieres, a pure *mourvedre* that's a pure bargain at 115 francs ($18.50).

La Table d'Aude, 8 rue de Vaugirard, Paris 6; tel: 01-43-26-36-36. Fax: 01-43-26-90-91. Open daily. Credit cards: American Express, Master Card, Visa. 99-franc weekday lunch menu, including wine, coffee and service. 145-franc dinner menu, including wine, coffee, and service. A la carte, 200 francs. Reopens Aug. 18.

Wind and Salt Air With a Franglais Flavor

By Marialisa Calta

CAP-AUX-MEULES, Quebec — It was the boat that first intrigued us: a high-riding white ferry plowing crisply through the midnight-blue waters of the Gulf of St. Lawrence, on its voyage from Souris, on the eastern shore of Prince Edward Island, Canada, to Cap-aux-Meules on the Iles-de-la-Madeleine.

The boat, glimpsed from the P.E.I. campground where we've vacationed for several years, had the same effect on us as watching Canada geese in flight: We felt landlocked, rooted. We wanted to go. So last August we took a five-day break from P.E.I. and found ourselves on the deck of the Lucy Maud Montgomery (since replaced by the larger Madeleine), on a five-hour, 70-mile (112-kilometer) trip northwest to the Magdalen Islands (as they are called in English) of Quebec.

Six of the archipelago's nine main islands — there are also numerous islets — are connected by fragile barrier beaches to form the crescent-shaped, 40-mile-long chain most accessible to visitors. A seventh inhabited island, the tiny English-speaking enclave of Ile d'Entree, is a short boat ride away. The only numbered road on the Magdalens — Highway 199, the Chemin Principal — travels the length of the six connected islands over miles of sand dunes; at many points along the highway one can see water from both sides of the car. While the dunes are undeveloped, the anchoring hunks of land are dotted, helter-skelter, with houses, trailers, stores, restaurants and motels.

REMOTE BUT CIVILIZED

We had expected the Magdalens to be remote; it was a shock to find ourselves amid bistros and mini-malls. But we adjusted quickly. On the Magdalens, we could enjoy beaches as lovely as those on Prince Edward Island and indulge ourselves with good food, wine, music and people-watching. Had we so chosen, we could also have windsurfed, sea-kayaked, cycled, ridden horses, fished, birded and scuba-dived.

The Madelinots, as natives call themselves, are descended from the Acadians, who settled the islands in the mid-1700s, as well as from the Native Americans and the English walrus hunters who preceded them, and from the survivors of hundreds of shipwrecked boats.

It was obvious from the moment we boarded the ferry north that we had left the Anglophone culture of the Canadian Maritimes behind: The ferry cafeteria serves *poutine* (a Quebecois dish of french fries, cheese curds and gravy) and the musician in the bar was playing the Cajun-sounding rhythms of the local music. We communicated in our elementary French, in Franglais and in pantomime.

We had planned the five days as a driving trip to get a sense of the place and to identify our favorite spots for a return visit. My memories are of wind, salt air, dramatic red sandstone cliffs, tiny multicolored houses, green fields, white beaches, sea birds calling and water everywhere.

When we landed in Cap-aux-Meules, we stopped at the well-stocked tourist bureau by the ferry landing to collect maps, brochures and a tide table (for beachcombing), and headed to the southernmost island, Ile du Havre Aubert, where we had booked a room for the night. But the next day we found the inn of our dreams — and the one we'd like to stay at when we return — a few miles away, the Auberge Havre sur Mer, a lovely eight-room inn with unbeatable ocean views.

On Ile du Havre Aubert, we walked through the artists' colony of La Grave and toured the nearby Musee de la Mer and Aquarium des Iles, which has a touch-pool for children, with sea anemones, starfish and sea urchins. La Grave has some of the island's most picturesque architecture, with shingled cottages and shanties reminiscent of a New England fishing town. It was there that we found our favorite restaurant, the Café de la Grave, a friendly place with book-lined walls and a bohemian air, and Edith Piaf on the sound system.

We camped for the next few days on Ile du Cap aux Meules, at Le Barachois campground in the town of Fatima. There we found a snug campsite in the woods (sites on the beach were also available, but we feared that the constant southwesterly wind would wreak havoc with our tent), a tiny camping store (that even sold wine), and an even tinier restaurant serving breakfast and dinner.

EATING OUT OR IN? We were torn between the culinary possibilities offered by eating out and by cooking our own meals at camp; the supermarkets on the Magdalens offer a stunning array of fresh produce, wines, pâtés and meats, and near the ferry we found a well-stocked fish store offering fresh and smoked fish and a bakery, Boulangerie La Fin'Croute, where baguettes, pastries and home-made tarts and seafood pies were in no short supply. We settled on picnic lunches of bread, pâtés, fruit and pastries, which we ate at shaded tables provided at nearly every beach. For dinner we patronized a variety of roadside *casse-croutes* (snack bars) and bistros.

Hsu Qu

Etang des Caps in Quebec's Iles-de-la-Madeleine, an archipelago of fine beaches.

We climbed several of the buttes that dot the island, offering spectacular views for very modest effort, and visited the glassblowing studio of La Meduse on Ile du Havre aux Maisons. We swam at the beach on Dune du Sud, recommended by residents as one of the best beaches for families on the island, protected as it is from the wind by the dramatic red sandstone cliffs with caves and tunnels carved by the surf. Our children delighted in exploring these caves and collecting shells along the beaches. We stopped in the fishing port of Old-Harry, the only English-speaking community on the main islands, and took a tour (in French) along the northwest coast of Ile du Cap aux Meules, perched in a motorized rubber raft that darted in and out of spectacular sandstone grottoes.

THE night before our 8 A.M. ferry was to leave, we pulled up our tent stakes and headed for an inn near the ferry landing, La P'tite Baie, a charming auberge with antique-filled rooms. We couldn't stay for breakfast, but the innkeepers packed us a bag breakfast of fruit, bread and juice.

Our brief trip to the Magdalens left us with a long to-do list for our next visit: a snorkeling expedition, a boat trip to see the seals and other marine life, sea kayaking, horseback riding on the beach. We would like to see the sand castle contest (being held on Aug. 16 this year) and to take a bird-watching boat to the nearby islands of Rochers aux Oiseaux or Ile Brion to see some of the 200 species of nesting, migratory and indigenous birds that have been spotted in the Magdalens. I'd head for the Centre de Thalassotherapie, which specializes in seaweed wraps and other spa treatments.

And someday, perhaps, we'll return in March, when helicopters bring visitors onto the ice floes surrounding the islands to watch the arrival of hundreds of thousands of migratory harp seals, who come to give birth to their furry white pups.

Marialisa Calta, who lives in Vermont and who has traveled frequently in Atlantic Canada, wrote this for The New York Times.

The Charm of Helsinki: Islands, Markets, Outdoor Arts

By Anita Peltonen

HELSINKI — In summer the normally sedate Helsinki receives a large shot of energy from the long hours of sunshine. Sidewalk cafes are in full bloom, the arts take to the outdoors, and it's far easier than at any other time of year to find what's offbeat and fun.

The Finns' love of the arts pretty much rules the month of August. The crowning event, from Aug. 22 to Sept. 7, is the Helsinki Festival, which began as Sibelius Week in the 1950s. Although still music-intensive, it has expanded to encompass many other arts. One of the festival's most popular — and most bohemian — features is the Night of the Arts, on Aug. 28. Galleries, bookstores, concert halls and theaters combine to produce a multimedia bacchanalia, offering free performance art, readings, music, and visual and decorative arts. People throng the streets in high spirits, and one can expect anything from avant-garde video installations and plays on white witchery to an open-air performance by Finland's greatest baritones.

SUMMER BEAUTY Helsinki is beautiful in summer. Thick, leafy trees cast soft shadows. Residents play bocce, relax on park benches, and sail or take motor boats to nearby islands. The vast forest park, Keskuspuisto, has miles of paths for hiking and cycling. Sugar snap peas, fat red strawberries, dwarf apricots, raspberries and wild mushrooms are summer staples at Kauppatori (Market Square), the produce and crafts market at the harbor. And it's a good time to walk around Katajanokka, a neighborhood of sumptuous Art Nouveau architecture just east of Kauppatori.

THE quickest and least expensive introduction to the city is provided by tram 3T, which passes through the major areas in 50 minutes. There's an English-language guide booklet available on board. A good place to start the loop is at the main rail station at 1 Kaivokatu. Fare: $1.75.

Suomenlinna, a living historic island village framed by 18th-century fortifications, is a 13-minute ferry ride from downtown. There are numerous small museums here, art galleries, restaurants, cafés, boat races and a beach. Renovations are nearing completion for a yearlong celebration of the fortress's 250th anniversary next year. Tickets for the ferry, which leaves from Kauppatori, are $3.50 round trip.

Helsinki has many outdoor markets, adjoined by small indoor halls selling various foods. The most famous outdoor bazaar is Kauppatori, where produce and crafts are sold from stalls and boats. It's on the South Harbor under the graceful watch of the President's Palace and Uspenski Orthodox Cathedral. Hietalahdentori, on Bulevardi-Hietlahdenranta, is sometimes referred to as Red Square because of the growing number of Russians selling junk there. The first Sunday of each month, Hakaniementori, at the intersection of Hakaniemenranta and Siltasaari in a buzzing, working-class district, will burgeon to several times its normal size, selling produce and traditional Finnish snacks like meat pies.

The steamship J. L. Runeberg offers tours of the city's archipelago, passing tiny islands with cabins and saunas, and stopping 18 miles to the east at historic Porvoo, the oldest town in southern Finland. Established in 1346, Porvoo is known for its gabled-roof brick cathedral, whose foundations date from the 13th century, although the present structure is from the 18th century. Multicolored wooden houses line the hilly cobbled streets. It leaves from eastern Market Square; fares start at $9.

SECRET AGENTS, POST-SOVIET CHIC

The Helsinki Tourist Association, (358-9) 601-966, offers guided walking tours in English by arrangement for $140 for a group, but you can infiltrate the city's history of secret agents and agents provocateurs on your own.

Situated on the old political cusp of East and West, Helsinki long attracted people with business in both spheres. At the Hotel Torni the betrayers of Minna Craucher, Finland's Mata Hari, are said to have met. The grand Helsinki Railway Station was a favorite meeting place for intelligence operatives from all over, like the triple agent Sidney Reilly, a British spy who vanished in the Soviet Union in 1925. Lenin's Helsinki hangouts were many: in 1906-7 he had an apartment at 35 Vuorimiehenkatu (a 15-minute walk west of Market Square in the Ullanlinna section) and at 1 Sornaisten Rantatie (25 minutes north of the square in Kallio), a fact noted by markers on each building.

Anybody intrigued by retro-Finnish-Soviet chic can hop on East-bloc farm machines at the Zetor Tractor Bar at 3-5 Mannerheimintie (extra seating on milk cans), where the decor is authentically agricultural.

The centerpiece at the Linnanmaki amusement park, 1 Tivolikuja, is the 1951 wooden roller coaster, along with music and plays on an outdoor stage.

The Helsinki Tourist Office, 19 Pohjoisesplanadi, (358-9) 169-3757, can answer most questions. Helsinki Helpers, roving tourist-information personnel who speak an array of languages, can be found all around town from 8 A.M. to 8 P.M.

Anita Peltonen, a journalist who lived in Finland for three years, wrote this for The New York Times

MOVIE GUIDE

MRS. BROWN

Directed by John Madden. U.K.

Queen Victoria, sorrow dragging at her shoulders like a heavy cloak, struggles with the weight of both crown and grief in "Mrs. Brown," an engagingly genteel costume drama about her relationship with John Brown, the strapping Scots manservant who helps her overcome despair and return to public life. The story befits a lurid period romance, except that nothing untoward comes of her royal majesty's alliance with the outspoken Highlander in this altogether discreet re-creation of an intriguing but neglected chapter of HRH's 64-year reign. Historians support the film's portrayal of a platonic albeit vivacious interplay between the two. But at the time, the public was scandalized that a commoner had gained intimate access to the queen, nicknamed Mrs. Brown by London's scrappy tabloid press. Judi Dench brings enormous dignity as well as a wealth of insecurities to the title role. Crowned as an 18-year-old, Victoria has become accustomed to getting her way without regard for the wishes of family and friends, much less servants. And like many modern athletes and entertainers, she's cosseted by toadies and flatterers, none of whom would dare question her bratty behavior or petty self-indulgences. All that changes when she summons Brown (Billy Connolly) to Windsor from the less formal Balmoral Castle, where the affable Scotsman had become a favorite of her late husband. Brown arrives in 1864, three years after Albert's death, yet the queen remains in what her personal secretary Henry Ponsonby (Geoffrey Palmer) describes as "a state of unfettered morbidity." The queen doesn't deign to look up from her papers when Brown is first ushered into her presence, but Brown quickly wins her attention and affection with his honesty, wit, loyalty and charm. In time, Brown becomes de facto head of the household and even the Prince of Wales (David Westhead) must go through him to communicate with the Queen Mum. Partly funded by "Masterpiece Theatre," this is classy fare, with posh settings, gorgeous scenery and lots of polishing from director John Madden and writer Jeremy Brock. *(Rita Kempley, WP)*

BOX OF MOONLIGHT

Directed by Tom DiCillo. U.S.

"Box of Moonlight," a seductive fable from the very clever director of "Living in Oblivion," offers a whimsical new way of celebrating Independence Day. It is early July when Al Fountain, a strait-laced engineer played with deadpan skill by John Turturro, decides to leave his workaday life behind. Turning his back on a dead-end job, a closet full of white shirts, an impatient wife and a son hooked on video games, Al sets out in search of a lost childhood paradise. He gets lucky and finds something better. Meet the Kid, the neo-hippie sidekick played by Sam Rockwell, who is this film's big find. The wiry, jubilant Kid wears a baggy Davy Crockett suit and lives in a backwoods amusement park of his own making. (Breakfast menu: chocolate cookies and milk in a dog bowl.) The Kid survives by stealing and selling ceramic lawn ornaments, among other pursuits, and something about prim, hopeless Al just tickles him. As these two join forces to help Al temporarily drop out of society, DiCillo makes it clear that they are two sides of the same coin. The 1970s-style premise of "Box of Moonlight" is so dated and fanciful that this quixotic film winds up seeming amazingly fresh. As it turns out, neither empty lives nor adorably free spirits have gone out of style. And DiCillo's taste for cool understatement takes the treacle out of his story, which proves far more moving than might be expected. *(Janet Maslin, NYT)*

ALIVE AND KICKING

Directed by Nancy Meckler. U.K.

Screen acting that transports you into the skin of a character is so unusual that when encountered, it can actually be unsettling. And in "Alive and Kicking," a British drama set in a dance world decimated by AIDS, Jason Flemyng gives a performance of such fiery visceral intensity that there are moments when you feel you are inhabiting his HIV-infected body. Flemyng's character, Tonio, is an arrogantly saucy artiste of mercurial temperament who has lost a lover (and who, in the film's early scenes, loses his mentor and best friend) to AIDS. He is also a shameless flirt who stalks about with the imperious flounce of the young Rudolf Nureyev. Tonio refuses to take drugs to help fight the disease lest they interfere with his dancing. (The story, set in 1995, makes no mention of the new protease inhibitors that have rendered thousands of AIDS patients asymptomatic). A fatalist, he has decided to keep on dancing for as long as he can and hope for the best. One night at a disco, Tonio meets Jack (Antony Sher), a stocky, balding older psychotherapist with a large AIDS clientele. These two opposite personalities begin a wary courtship that eventually lands them in bed. In the stormy love affair that develops, Jack, who is HIV-negative, proves as needy and vulnerable as Tonio. The movie has its weak and even embarrassing moments. For instance, a running subplot that follows Tonio's friendship with a lesbian dancer named Millie (Diane Parish) feels tacked on, and a scene in which they try to push their friendship into the sexual realm becomes a tedious, silly game of show and tell. But "Alive and Kicking" confronts the terror, rage and helplessness of knowing that the body you have honed into a fine artistic instrument is in the process of betraying you. *(Stephen Holden, NYT)*

Connolly as John Brown and Dench as Queen Victoria in "Mrs. Brown."

DREAM WITH THE FISHES

Directed by Finn Taylor, U.S.

"Dream With the Fishes" is pretty much your average nude bowling movie. There have been worse nude bowling movies and undoubtedly, though the genre is small, there will be better ones, but for now, "Dream With the Fishes" will have to do. Suicidal Terry (David Arquette), a nerd presumably unable to recover from a shattering dumping by his girlfriend, is saved from a leap off the Golden Gate Bridge by free-spirited, gun-toting Nick (Brad Hunt), who is actually dying of some unnamed disease. The two bond, using Terry's dough to finance a last wild boys-on-the-road splurge, and the repressed Terry learns many valuable life lessons from Nick, including how to pick up a 3-10 split while naked. (The guys rent a bowling alley and two hookers; don't ask why, because there is no why.) Over the last few days of Nick's life, Terry meets his twisted girlfriend, weird aunt, abusive father and screwball friend, they hold up a bank and a drugstore; drink too much beer; and get too sentimental, a mistake the old "Harold and Maude" never made. The movie was written and directed by Finn Taylor, a screenwriter behind the camera for the first time, who persists in locating every possible pretentious angle. If he could have gotten into Frisco's manholes, he would have shot from there. But the two actors aren't without their small moments of grace. *(Stephen Hunter, WP)*

RECORDINGS

- **STEVE SWALLOW** "Deconstructed" (WATT/ECM): Too many CDs are released every year. Too many of those are uninteresting and/or too long. CDs need to be (that's right) deconstructed. This one from the bassist Swallow is just the right amount of notes, and they come from both head and heart. It should appeal to all hands, from swing fans to modernists and avant-gardists.
- **ORNETTE COLEMAN/JOACHIM KUHN** "Colors" (Harmolodic): Recorded last year at the Leipzig Opera, all the songs were composed by Ornette Coleman. If "songs" is indeed the word. Even though this is acoustic (Kuhn's pianoforte work is impeccable), it's still "free jazz," which has no, or only hints of, preordained form, harmony and melody. It's all about where the players take their intimations. Here they are aligned and empathized.
- **JACK SHELDON** "Playing for Change" (Uptown): Sheldon played the trumpet for many years on the Merv Griffin TV talk show. He was good for laughs as well as music (he was well known for that combination). Once when Griffin asked him on camera if he had ever finished high school, Sheldon rolled up a sleeve, pointed to his arm and said: "I had the highest marks in my class." He played so much like Chet Baker, it was said that Chet played like him. (The elegant Barry Harris on piano.)
- **FRANK SINATRA WITH THE RED NORVO QUINTET** "Live in Australia, 1959" (Blue Note): This package should include a demonstration bottle of booze. Sinatra introduces "Angel Eyes" as a "saloon song." And his sensitive phrasing is notenapped by his attitude — (to a stageside table: "Get your hand off that broad"). Still, Ol' Blue Eyes sure could sing.
- **KEYSTONE TRIO** "Newklear Music" (Milestone): John Hicks, George Mraz and Idris Muhammad explore the music of Sonny Rollins with vigor and without ostentation. The pianist Hicks tops many people's underrated lists.

Mike Zwerin/IHT

GOOD TRAVEL DEALS

Sophie Dutertre

GETTING THERE		
AIR CANADA/HILTON	Worldwide	Aeroplan and HHonors members can earn one free weekend night for every three qualifying Double Dip stays at more than 400 Hilton, Conrad and Vista hotels. Until Aug. 31.
AIR FRANCE	Britain to United States	Round-trip fare from Heathrow, London City, Manchester or Birmingham to New York via Paris with Concorde for £4,746 ($7,900) saves £554 on normal fare. Companion fare for £2,373. Until March 31, 1998.
AIR NEW ZEALAND	Asia	Air Points members earn 1,000 bonus points on flights from Tokyo, Osaka, Nagoya, Fukuoka, Seoul, Taipei, Hong Kong, Bangkok, Singapore and Denpasar to New Zealand. Until Sept. 30.
AMERICAN AIRLINES	New York to London	"DAAyBreak" excursion fares, available on 8.30 A.M. departure from JFK and 8 A.M departure from Heathrow, cost $508 round-trip for travel on weekdays and $558 for travel on Saturdays and Sundays; 21-day advance purchase. For travel before Sept. 30.
BRITISH AIRWAYS	France to Britain	Round-trip fares Paris-London, 690 francs ($110); Nice, Toulouse-London, 1,330 francs; Bordeaux, Lyon, Marseille, Montpellier-London, 1,390 francs. Some conditions apply. Until Aug. 31.
LUFTHANSA/SAS	Europe	Miles and More or EuroBonus members can claim an economy round-trip anywhere in Europe for 25,000 to 35,000 miles. Awards can be redeemed on either airline.
OLYMPIC AIRWAYS	London to Bangkok	Round-trip to Bangkok via Athens — with optional stopover in both directions plus unlimited domestic flights in Greece for £25 per sector — for £374 ($623). Minimum stay of 7 days; maximum stay of 6 months. For travel before Oct. 25. Trailfinders (44-171) 938-3939.
SABENA	Britain to Belgium	Skypass costing £799 ($1,330) plus tax allows unlimited business-class travel for one month on routes between London (Heathrow, Gatwick or London City), Brussels and Antwerp.
VIRGIN ATLANTIC/ RADISSON	London to Boston	Round-trip fare and three nights in Radisson Park Plaza (based on double occupancy) for £473 ($787) per person. Extra nights for £59 per person per night. For departures between Oct. 15 and Oct. 31. Maximum stay 5 days, but no Saturday night requirement. Trailfinders (44-171) 937-5400.
WHERE TO STAY		
HILTON INTERNATIONAL	Europe	Weekend rates save around 20 percent on rooms at 40 hotels in 16 countries and include buffet breakfast. Minimum two nights; Friday, Saturday, Sunday. Until Dec. 31.
MERCHANT COURT HOTEL	Singapore	Summer Executive Plan offers a 40 percent discount on "deluxe" rooms — singles from 174 Singapore dollars ($118) plus a 30 Singapore dollar voucher for incidental expenses in the hotel. Until Sept. 30.
MERIDIEN HOTELS	Worldwide	"Summer Passport" rates offer savings of up to 50 percent for two nights or more. Until Aug. 31.
NEW WORLD HOTELS	Asia	Summer discounts are available at hotels in Hong Kong, Kuala Lumpur, Ho Chi Minh City, Manila, Beijing and Guangzhou and Shanghai. Example: Single rooms in Shanghai for $115. Until Aug. 30.
RITZ-CARLTON	Osaka	Introductory rate of 40,000 yen ($344) per night for a "deluxe" room includes an upgrade on availability, a 5,000-yen food-and-beverage credit, 100 business cards in Japanese and English and daily newspaper. Until Sept. 1.

Although the IHT carefully checks these offers, please be forewarned that some travel agents may be unaware of them or unable to book them

Surviving the Crowded Skies

By Roger Collis
International Herald Tribune

SIX billion airline passengers worldwide by 2002? Yes, according to industry insiders. Travelers suffering the miseries of air travel this summer — packed planes, congested airports, terminal gridlock getting to the airport, unaccountable delays — may feel that Armageddon has arrived. Where on earth are all these people going? How can they afford it? And, more to the point, why do they all seem to be traveling with me?

Help is said to be on the way with the promise (or threat) of 800-seat jumbos, new technology for better control of the airways and new airports and terminals. But expect things to get a lot worse before they get better. Airlines can order up new planes in a few months. But airport and infrastructure improvements can take years.

The numbers are daunting. IATA, the International Air Transport Association, reports that world airlines carried a staggering 1.4 billion passengers on scheduled services in 1996. International passengers (400 million, an increase of 9 percent over 1995) represented 30 percent of the total. A growth of 10 percent year-on-year means that the number of passengers will double every seven years.

CAN AIRPORTS COPE? The world's top 30 airports handled more than 1 billion passengers in 1996, an average increase of 6 percent. Asia-Pacific airports are growing at an even faster rate than those in North America and Europe. Seoul, the world's ninth busiest airport with 35 million passengers last year, grew by 12.2 percent; Sydney (20.5 million) grew by 13.2 percent; Osaka (19 million) grew by 14.2 percent; Beijing (16.5 million) grew by 8.9 percent and Taipei (16 million) by 7.8 percent.

Chicago O'Hare — the world's busiest airport with nearly 70 million passengers in 1996 — is followed by Atlanta (63.4 million); Dallas/Fort Worth (58 million); Los Angeles (58 million); London Heathrow (56 million) and Tokyo Haneda (47 million). Airports like these have a larger daily population than many major cities.

Many airports are making an effort. Amsterdam, Heathrow, Frankfurt, Paris Charles de Gaulle and JFK in New York are building new terminals. A fifth terminal at Heathrow will increase the airport's annual capacity to 80 million passengers.

Singapore's Changi Airport, with 24.5 million passengers last year, is consistently voted the world's favorite airport by business travelers. One reason is

The Frequent Traveler

that Changi has managed to expand capacity faster than demand. Terminal 3, due to open in 2004, will cater for 600-seat aircraft, expanding total capacity to 64 million passengers a year.

Hong Kong's much vaunted Chek Lap Kok, built on reclaimed land off Lantau Island, to replace the old and overcrowded Kai Tak, is scheduled to open in 1998. There is an airport building boom throughout Asia as governments race to establish the dominant regional hub. China plans to build 25 new airports by 2002.

What makes air travel even more of a misery this summer is that planes are packed as well as airports. The Association of European Airlines reports that overall "load factors" for member carriers are on course for a record 71 percent this year, while long-haul load factors have already reached 75 percent. I have made three round-trips this month — within Europe, across the Atlantic, and in the United States. Each plane was chock-a-block.

Airlines are now making money ($12 billion profits on revenues of $281.5 billion in 1996, according to IATA) because they have for once been able to match capacity with demand. This has led to record-high air fares — especially in first and business class.

"I think we're right at the top of the supply curve, the peak of the economic cycle," says Richard Lovell, vice president Europe at Carlson Wagonlit Travel in London. "Which is why airline prices are rocketing at the moment. But if you look at forward orders for aircraft, there's massive capacity coming on for 1999-2000, which could well coincide with the next downturn in the economic cycle."

Business fares in the United States have risen 31 percent in the last year, according to Eric Altshul, vice president of consulting services for American Express. Industry analysts predict that passenger numbers will continue to grow at a faster rate than available seats. Load factors will be around 70 percent, so corporate deals and discount seats will be harder to come by.

Kyle Davis, director of the American Express European Airfare Index in Paris, says: "Fares are rising much faster than inflation. Western European business fares had their highest increase in over two years in the first quarter of 1997. This reflects strong demand for long-haul travel to most business destinations. More people are traveling farther. Fares from Europe to Hong Kong, for example have risen by 25 percent. You're going to see some huge increases."

AT present, business fares from Britain to Asia and especially North America are the highest in Europe, and have the greatest spread between business class and economy. (The best discount bargains are in London.) For example, the round-trip business-class fare from London to New York is currently more than £2,800 ($4,600), while a round-trip business-class ticket from Paris to New York costs some 17,000 French francs, or about $2,750.

There are still deals to be had, especially on lesser-known carriers, or carriers making stops en route to or from Asia or North America. "Cross-border hubbing" often makes sense for travelers based in Europe: Business class can be much cheaper from Amsterdam, Frankfurt, Rome or Athens than from London. It always pays to travel midweek and as early as possible in the day, before crowds and delays start building up. Book a flight before the one you would normally take, and never trust "official connecting times" at transit airports.

BRIDGE

By Alan Truscott

THE American Contract Bridge League's Summer Nationals started recently in Albuquerque, New Mexico, as the Grand National Team Championship approached its finale. In one semi-final match last week, Florida opposed California while Michigan faced a group from Louisiana and Alabama.

In one of the closest quarterfinal matches, a foursome from New York City lost by 12 imps to Michigan. The winners included Chuck Burger, together with Allan Falk, Geoff Hampson and Perry Johnson.

Representing Florida was a star-studded group: Jeff Wolfson, Robert Levin, Jeff Meckstroth, Neil Silverman, Richard Pavlicek and Michael Seamon. The diagramed deal, featuring good play and defense, helped them win their quarterfinal match.

Meckstroth as South had to guess when his left handed opponent opened an atypical one no-trump. This promised 10-12 points in his methods, but was expected to show a balanced hand.

Meckstroth brushed it aside by jumping to three no-trump over East's Stayman response.

West led the diamond six, and South judged that the king-jack-nine were on his left. He put up dummy's queen, deliberately weakening himself in the suit.

Now when he led the club jack and finessed, losing to the queen, West continued with the diamond king to establish his suit, and South took ten tricks. But if the first diamond trick had been won in the closed hand, West would probably have found the fatal shift to hearts.

In the replay, Pavlicek as West opened two diamonds and also defended three no-trump. The diamond lead was now less attractive, for South had doubled and then jumped to three no-trump after a two-heart response. West tried a spade, and when this was won by dummy's jack and the club finesse was taken, hearts seemed to be the only hope for the defense. So he cashed the ace and continued, giving his partner the setting tricks. Florida gained 12 imps.

NORTH
♠ J 6 3
♡ 10 8 7 4 3
♢ Q 7 2
♣ J 5

WEST (D)
♠ 8 7 4
♡ A 5 2
♢ K J 9 8 4 3
♣ Q

EAST
♠ 10 9 5
♡ K J 9 6
♢ 5
♣ 8 7 6 3 2

SOUTH
♠ A K Q 2
♡ Q
♢ A 10 8
♣ A K 10 9 4

North and South were vulnerable.
The bidding:

West	North	East	South
1 N.T.	Pass	2 ♣	3 N.T.
Pass	Pass	Pass	

West led the diamond six.

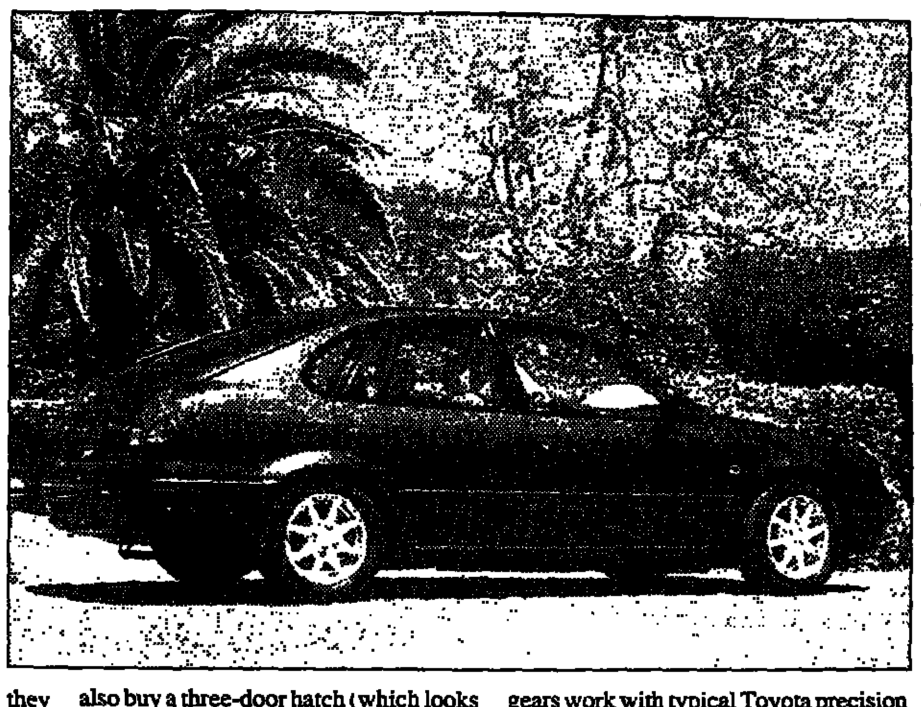
THE CAR COLUMN

A Toyota Designed for Europe

By Gavin Green

TOYOTAS are reliable, predictable and well-made and provide honest, no-nonsense transport. That is why Europeans don't like them. Europeans want "more" from their cars (even if, in reality, it's less). They want style, sex appeal, grace, a certain opulence, musical motors, and various other intangibles, and if that compromises reliability, hurts comfort or means that the odd model costs a bit more, then *c'est la vie*.

Why the Europeans expect their motorized tin boxes to adopt almost anthropomorphic characteristics is a question that only a Freud-on-four-wheels may be able to answer. The Europeans will say it is because they have more innate style and class, and they no more want to drive around in an anonymous car than they would want to wear anonymous clothes. And the Japanese won't care why; they'll simply set out to make something that suits.



A Smiling Face

So, Toyota has launched a Corolla specifically for Europe. It isn't that much different from its American and Japanese cousins: The major change is in the styling. The European car has an oddball, bug-like, smiling face, which Toyota hopes the Europeans will find characterful. The new car will be built in Europe, at Toyota's new factory near Derby, England. Production starts next year. Until then, Corollas will be imported from Japan. The Euro Corolla certainly looks different: It's the first Corolla that has ever stood out from others, as opposed to seamlessly blending in. Whereas all previous Corollas had no individuality — they could just as easily have worn Nissan, Mazda or Chevrolet marks — this one demands a second look. A quick survey of friends and family showed that most seemed to like the style, about 60-40 in favor. Our test car was a Liftback (Toyota-speak for five-door hatchback), but you can also buy a three-door hatch (which looks racier), a wagon or a four-door sedan version.

The cabin is less adventurous than the exterior. It is flair-free Japanese, perfectly acceptable, but with none of the clever plastic finishes or interesting instrumentation graphics we're seeing from some European makers. More of a drawback is the back seat, which is cramped for the class. If lugging around adults in the back is part of the deal when you buy a new car, shop elsewhere. Equipment levels, in typical Japanese style, are fabulous. The 1.6 CD Liftback test car had twin airbags, air-conditioning and electric everything as standard.

IT'S IN THE RIDE The most surprising part of the new Corolla, apart from the face, is the ride. Japanese cars have poor reputations in Europe for ride comfort. Yet the Corolla is amazingly supple, caressing road surfaces with almost Peugeot- or Citroen-style delicacy.

The flipside is poor handling. The Corolla tosses about, on winding roads, like a small boat in a swell. Its tires start to screech at surprisingly low speeds, and road holding isn't all that great. Fun to drive, it is not.

But easy to drive, it is. The clutch and gears work with typical Toyota precision and everything is light and effortless.

The engine is also a gem. The Japanese invariably make great little four-cylinder engines, and the 1.6 fitted to the test Corolla is no exception. It revs sweetly, parcels its power out in a steady manner, is economical and will no doubt never go wrong.

TOYOTA hopes that the common-sense argument will now be supplemented — at least in Europe — by a new-found reputation for stylish, emotion-charged motoring. Its European disguise can't alter its basic character. But it may be enough to persuade Europeans to try it. And then be charmed by a car that has always excelled because of its sheer quality.

• Toyota Corolla 1.6 CD Liftback. About $23,000. Five-door hatchback. Four-cylinder engine, 1587cc, 109 bhp at 6,000 rpm. Five-speed manual transmission, front-wheel drive. Top speed: 191 kph (119 mph). Acceleration: 0-100 kph in 11.2 seconds. Average fuel consumption: 9.4 liters/100 km.

Next: The Peugeot 406 coupe.

Gavin Green is the editor in chief of Car magazine

ARTS GUIDE

BELGIUM

BRUSSELS
Hotel de Ville, tel: (2) 279-6438, closed Mondays. To Nov. 12: "Alfons Mucha, l'Esprit de l'Art Nouveau." More than 140 works by Mucha (1860-1939), the Czech painter based in Paris. Mucha's pictures in "Art Nouveau" style were so successful that the movement was originally called the "Mucha style".

BRITAIN

EDINBURGH
Royal Scottish Academy, tel: (31) 556-8921, open daily. To Oct. 5: "Raeburn." The portraits by the Scottish painter Sir Henry Raeburn (1756-1823) mirror Scotland at the end of the Enlightenment. The 70 works on show will travel to London.

LONDON
Tate Gallery, tel: (171) 887-8000, open daily. To Nov. 30: "Mondrian: Nature to Abstraction." More than 60 works by the Dutch pioneer of abstract art, Piet Mondrian (1872-1944). The exhibition traces the artist's evolution from his early atmospheric paintings to full abstraction in the 1920s.

FRANCE

PARIS
Centre Georges Pompidou, tel: 01-44-78-12-33, closed Tuesdays. **Continuing/** To Sept. 29: "Fernand Leger." More than 200 paintings and drawings highlight Leger's affinity with architecture, ballet and literature, as well as his strong political commitment.
Institut du Monde Arabe, tel: 01-40-51-38, closed Mondays. **Continuing**/To Oct. 5: "Jordanie: Sur les Pas des Archeologues." An exploration into Jordan's past. The viewer is led on an archaeological survey of the Ommeyad castles of the 7th century, the Byzantine mosaics, the Roman period that followed the Nabatean expansion, and the Iron and Bronze Ages.

GERMANY

BONN
Kunstmuseum, tel: (228) 77-62-60, closed Mondays. **Continuing/** To Sept. 7: "Multiple Identity: Amerikanische Kunst 1975-1995 aus dem Whitney Museum of American Art." More than 80 paintings, video installations, photographs and drawings created during the last 20 years chart the artists' engagement with social issues.

BREMEN
Neues Museum Weserburg, tel: (421) 598-390, closed Mondays. To Oct. 19: "Marcel Broodthaers: Bucher und Ephemera." The Belgian artist (1924-1976) decided to enter the world of art at 40, and in the 10 years before his death, developed an enigmatic oeuvre in which Pop and Conceptual art, and quoted literature intermingle. This exhibition presents a selection of the artist's books.

JAPAN

TOKYO
Museum of Contemporary Art Tokyo, tel: (3) 5245-4111, closed Mondays. To Aug. 17: "Jasper Johns: A Retrospective." More than 150 works created since the mid-1950s by the American painter (born 1930), when his paintings of flags, numbers and targets seemed to put an end to Abstract Expressionism. While in the early 1970s, his works often incorporated found objects, they later took a new turn with allusions to other artists such as Picasso, Munch and Cezanne.

Neolithic statue from Jordan, now shown in Paris.

NETHERLANDS

ROTTERDAM
Kunsthal, tel: (10) 440-031, closed Mondays. **Continuing/** To Oct. 5: "Monet, van Gogh, Picasso and Others." More than 120 paintings, sculptures, drawings and prints dating back to the early 19th century. Features works by Dutch artists (Jongkind, Mondrian) and their European contemporaries (Monet, Schiele, Bacon, Morandi).

POLAND

WARSAW
Centre for Contemporary Art, tel: (2) 628-7683, closed Mondays. To Sept. 7: "Borders of Painting: Polish Painting in the '90s." Works by contemporary artists.

UNITED STATES

BOSTON
Museum of Science, tel: (617) 723-2500, open daily. **Continuing/** To Sept. 1: "Leonardo Da Vinci: Scientist, Inventor, Artist." Anatomy and engineering sketches and models of his inventions trace the work of the Italian artist.

WASHINGTON
National Museum of American Art, tel: (202) 633-9898, open daily. To Nov. 30: "Megatron/Matrix." A multimedia installation by video artist Nam June Paik (born 1932). Two adjoining walls with 215 television monitors combine random images from cultures around the world on a background of Korean folk music and rock 'n' roll.

CLOSING SOON

Aug. 3: "The Nude: Prints, Drawings and Photographs." **Rijksmuseum, Amsterdam.**
Aug. 3: "Cartier: 1900-1939." **Metropolitan Museum of Art, New York.**
Aug. 4: "Karl Schmidt-Rottluff." **KunstHausWien, Vienna.**

BOOKS

LOUIS ARMSTRONG: An Extravagant Life

By Laurence Bergreen. 564 pages. $30. Broadway.

Reviewed by David Nicholson

LOUIS ARMSTRONG claimed the Fourth of July as his birthday, and why not? In his rise from humble beginnings, his was a particularly American life, embodying, as Laurence Bergreen writes, "a distinctly American brand of optimism and striving." More than that, however, if Armstrong did not actually invent jazz, the quintessential American art form, he remade it in his own image. And, as its symbol and leading exponent, he brought to the world "the sound of America, the sound of freedom and celebration."

Such a life places special demands on a biographer, demands akin to those of a musician bold enough to test himself against Buddy Bolden, King Oliver or Bunk Johnson, the New Orleans greats who inspired the young Louis. With "Louis Armstrong: An Extravagant Life," Bergreen acquits himself honorably. Scrupulously researched, drawing on oral histories and unpublished writings by Armstrong himself, this is likely to be the standard biography of Armstrong for some time. Sad to say, however, the book lacks that certain something that would make Armstrong live throughout its nearly 500 pages.

To be sure, all of the details are here, from Armstrong's birth in New Orleans (on Aug. 4, 1901) to his death on July 6, 1971, in New York. Bergreen gives us an unflinching portrait of Armstrong's childhood and adolescence in the poorest of New Orleans neighborhoods. He retells the familiar story of Armstrong's arrest for firing a pistol into the air on New Year's Eve, and his sentencing to a term in New Orleans's Colored Waif's Home, where he joined the brass band.

Released from the juvenile reformatory, Armstrong fell under the influence of Oliver, then perhaps the best jazzman in New Orleans. When Oliver went north to work in Chicago after authorities closed down Storyville (New Orleans's red-light district), Armstrong took his place in a band led by the trombonist Kid Ory. A few years later, Oliver asked his protégé to come to Chicago to play second cornet in his band. There, Armstrong — his style honed in Ory's band and in a riverboat ensemble led by Fate Marable — proceeded to reinvent jazz, transforming it from an ensemble music into one that emphasized the virtuoso soloist.

As Bergreen writes, "He was giving them a new musical language. . . . It was as if Louis had taken their music out of its infancy and given it a powerful breath of new life and independence. He showed them ways to be inventive, to have fun, and strut their stuff as never before. No matter what their instrument, there was something in Louis's virtuosity for each of them."

As that last shows, Bergreen writes with genuine love and respect for Armstrong's art. Those who remember Armstrong as a grinning, mugging, handkerchief-holding clown will find a more nuanced man here. Who would have thought, for example, that he was an indefatigable correspondent, a man who spent hours at his typewriter in the dressing room between shows, a man as appreciative of language as he was of music. "She has that routine down to the last frazzle," Armstrong wrote of his wife, Alpha's, heroic efforts to do his laundry on the road, and closed one letter to a friend, "Red beans and ricely yours."

This is, however, no dutifully respectful biography, as Bergreen does not shy away from exploring uncomfortable aspects of Armstrong's life, including his four marriages (the first to a prostitute) and his extramarital affairs. At the same time, for the most part Bergreen refrains from psychologizing. When he does, reflecting on Armstrong's singular "willingness to turn the other cheek" when confronted with bigotry or cruelness or on his need for strong father figures (from Peter Davis, music teacher at the Waif's Home, to his longtime manager, Joe Glaser), the results are both disconcerting and unconvincing.

In the end, though, despite Bergreen's best efforts, Armstrong remains somehow elusive. But perhaps that shouldn't be surprising. Who can explain genius, whether in a James Joyce or a Louis Armstrong? But perhaps the key to the mystery is to be found in the epigraph from Ralph Ellison that opens Bergreen's book: "Shakespeare invented Caliban. Who the hell dreamed up Louis? Some of the bop boys consider him Caliban, but if he is, he is a mask for a lyric poet who is much greater than most now writing."

David Nicholson, a Washington writer, wrote this for The Washington Post.

Bomb Tip Leads Police To Raid N.Y. Apartment

Anti-Terror Force Wounds 2 Suspects

The Associated Press

NEW YORK — The police raided an apartment in Brooklyn on Thursday and found what appeared to be bomb materials, forcing the evacuation of nearby apartments, the authorities said. Officers wounded two men in the apartment, and federal terrorism investigators were put on the case.

Mayor Rudolph Giuliani said investigators were looking at the possibility that there was a plot to sow terror by bombing the subways.

"We know there is information suggesting there was," he said. "We don't know how realistic it is at this point."

Whether the devices actually were bombs was still being determined, the mayor said, but there was live ammunition in the apartment.

Mr. Giuliani described the wounded men and a third occupant, all of whom were arrested, as Middle Eastern, but gave no other details about their identities. He said that officers shot the men because it appeared they were trying to detonate the explosives.

He turned aside questions about the nature of what he called "bomb devices" or the intent of the suspects.

"We don't know exactly what this is," added James Kallstrom, head of the New York office of the Federal Bureau of Investigation.

Mr. Giuliani said repeatedly that he knew of no danger "now" to the city.

Michael McCurry, White House spokesman, said that President Bill Clinton had complimented the police department. "There does not appear to be any direct threat to the people of New York City or the United States," Mr. McCurry said, adding that the president was glad for that, "obviously."

Attorney General Janet Reno said the FBI and the joint terrorism task force in New York, which includes the FBI and state and local police, had helped work on the case.

The police went to the apartment Wednesday night after a tip that there was a bomb in the building, a small, two-story structure behind a storefront in Brooklyn's Park Slope section.

An investigator who spoke on condition of anonymity told The Associated Press that a man had flagged down a Long Island Rail Road police officer and said that there were bombs in his apartment.

The man was taken to a city police station for questioning and officers were dispatched to the apartment.

They evacuated adjoining buildings and cordoned off streets before going in. When they found the suspected explosives, they stopped the subways.

The occupants were asleep when the police entered and Mr. Giuliani said that officers opened fire when the two men "lunged toward what appeared to be a bomb."

Pasquale Failo, owner of a building next door, said that he had noticed lots of different people living there. "It was a revolving door," he said.

Palestinian Council Votes For Dissolution of Cabinet

The Associated Press

RAMALLAH, West Bank — The Palestinian Legislative Council, responding to a report of widespread government corruption, voted Thursday in favor of dissolving Yasser Arafat's 18-member self-rule cabinet.

"We demand the dissolution of the Palestinian cabinet and we ask President Arafat to set up a new cabinet," the council said in a resolution that passed by a vote of 51 to 1.

The elected 88-member council has no legal power to enforce its resolution, but it puts Mr. Arafat under serious pressure.

Arafat aides had said that he planned to shuffle his cabinet anyway.

A parliamentary committee on Tuesday found extensive abuses in all 18 government ministries and recommended that three officials, Planning Minister Nabil Shaath, Civil Affairs Minister Jamil Tarifi and Transportation Minister Ali Qawasmeh, stand trial on corruption charges.

The report included allegations that foreign aid had been diverted for personal use. Conspicuous by its absence in the report was an investigation of Mr. Arafat's office itself.

The investigative committee was set up after a state comptroller's report two months ago found that $326 million of the Palestinian autonomy government's $800 million annual budget had been squandered through corruption or mismanagement.

Mr. Qawasmeh admitted Wednesday that his ministry committed violations but blamed the mismanagement on his predecessor.

ISRAEL: *Palestinian Areas Under Threat*

Continued from Page 1

Jerusalem's main fruit and vegetable market, killed 15 people, including themselves, and wounded more than 150 others. Israel Radio reported that 71 remained hospitalized Thursday. The 15th victim died Thursday.

It was the worst attack since Mr. Netanyahu came to power in May 1996. The prime minister immediately suspended peace talks with the Palestinians, which the two sides had only this week agreed to resume after a four-month hiatus.

A leaflet signed by the Islamic militant group Hamas took responsibility for the attack. A second Hamas leaflet, cited by the Israeli newspaper Ha'aretz, said it was carried out in response to an Israeli woman's poster depicting the Muslim Prophet Mohammed as a pig. It said Hamas would carry out more attacks if Palestinian prisoners were not released by Sunday.

As in the past, Israel imposed a closure on the West Bank and Gaza Strip, barring tens of thousands of Palestinians from jobs in Israel. About 20 Palestinian legislators were stopped at an Israeli Army roadblock Thursday and prevented from traveling from the West Bank to their homes in Gaza.

Israel also issued an arrest warrant for Brigadier General Ghazi Jabali, chief of the Palestinian police. The Israeli government has accused the general of sending three policemen to shoot at Jewish settlers in the West Bank this month.

"Israel's government has no right even to think about arresting me," General Jabali said at a news conference Thursday. "If they come here to Gaza or anywhere else to catch me, they will never return."

Israeli officials warned that other attacks were possible, and additional police were deployed extensively through Jerusalem.

The Palestinian negotiator Saeb Erekat said Mr. Arafat and U.S. Secretary of State Madeleine Albright had spoken Wednesday night and discussed ways to increase security and the need to continue with the peace process.

Mrs. Albright planned to meet at the White House on Thursday with the national security adviser, Samuel Berger, the special U.S. envoy, Dennis Ross, and other members of the Clinton Middle East team to assess recent developments, said the White House spokesman, Michael McCurry.

■ Netanyahu Urges Pressure

Mr. Netanyahu said Thursday that Mr. Arafat had done nothing to stop Palestinian militants and that the international community had failed until now to demand he do so.

"I insist on a real peace, and it begins with Arafat's battle against terrorism," he told Reuters in an interview. He said that was what the international community "has now the obligation to demand. It hasn't done so far, up to now."

MARKET: *A Day of Defiance*

Continued from Page 1

gave way to sadness. The shoe store of David Nescu, 43, who was killed in one of the blasts, was closed. Black-bordered notices of his death were pasted on the metal doors. On a wooden stall next door, passersby lighted candles.

At Mr. Nescu's funeral Thursday, mourners said Prime Minister Benjamin Netanyahu, who came to power last year promising to end terror attacks, had betrayed them.

"You lied to us," a man said to Finance Minister Yaacov Neeman as the two stood over Mr. Nescu's grave. "We voted for you because you said you'd be strong, but you're just like the Labor government — weak, in the hands of Arafat."

Others focused their anger on Public Safety Minister Avigdor Kahalani. "You promised us peace!" they called. "We want action!"

City workers had spent the night cleaning a covered passage in the market that the two bombers, positioned at each end, turned into a corridor of death.

(AP, Reuters, AFP)

INFLATION: *U.S. Data Show Growth and Prices Cool Enough*

Continued from Page 1

pressures have not yet died.

"Yes, we are seeing the slower growth and lower inflation that financial markets have come to love, but I think it represents only a pause in growth," said Ken Mayland, chief economist at Key-Corp in Cleveland.

In particular, Mr. Mayland and others said, what was missing in the second quarter was the consumer. After torrid spending growth in the first two months of the year, spending by U.S. consumers has been flat. But with stock prices booming, with a surge in homeowners refinancing their mortgages to take advantage of falling interest rates and with consumer confidence at stratospheric levels, many forecasters say they believe that retail sales will roar back in the second half of the year, pushing the economy forward at an annualized rate of as much as 4 percent.

In the second quarter, however, all was quiet on the consumer front. Instead, the biggest push came from company spending on plants and equipment. Capital-goods spending rose at a robust 20.4 percent annual rate.

One major negative factor acting on the economy in the spring was U.S. trade performance. Relatively weak U.S. exports and surging imports, exacerbated by the recent strength of the dollar, combined to knock nearly a percentage point off the second-quarter growth rate.

But some suggest that the rosy economic picture may lull investors into complacency. "The biggest problem is that everyone's expectations are now so high," said Hans Nilsson, senior economist at A. Gary Shilling & Co. in New Jersey. "Many people expect that inflation is dead and recessions are a thing of the past."

National Geographic Society

A pot more than 2,000 years old that was recovered from the wreck of an ancient ship in the Mediterranean.

TREASURE: *Deep-Sea Explorer Finds Trove of Shipwrecks*

Continued from Page 1

ocean depths like those where Mr. Ballard found the Titanic, he said, they are also invaluable in the Mediterranean. Though shallower, it averages 9,000 feet (2,740 meters) in depth and off the coast of Greece plunges to 20,000 feet.

With this summer's expedition, Mr. Ballard was returning to an area of the Mediterranean he first surveyed some nine years ago. He has long believed that ancient mariners, far from being confined to coastal trade routes as has been long believed, were often forced by time and weather to gamble on shorter, deep-water voyages where their ships were often overwhelmed by famously treacherous weather.

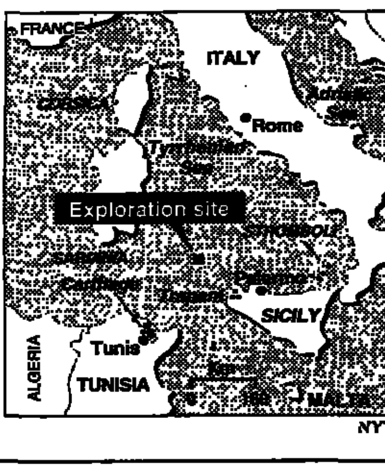
"They were entrepreneurs," he said. "They wanted to get their products to market."

In a post-Titanic interview 10 years ago, he predicted that "literally thousands" of ancient ships — Roman, Phoenician, Egyptian and others — lay waiting for discovery on the sea floor along the ancient Carthage-Rome trade route linking Europe and Africa.

After additional surveys in 1989 and the discovery of a fourth-century ship, he returned to the site in 1995, discovered two more ships and completed preparations for this year's expedition.

This spring, he returned once again to the area 100 miles off Tunisia in water 2,500 feet deep. Accompanying his leased research ship Carolyn Chouest was the Navy's NR-1, a 28-year-old one-of-a-kind research submarine powered by a tiny nuclear reactor "the size of a trash can." The reactor allows the sub to stay on the deep ocean floor up to a month at a time, avoiding the ascents and descents that can take less versatile submersibles the better part of a day.

The 150-foot NR-1 also has wheels, and for this trip it "was equipped with a giant vacuum cleaner" permitting it to trundle along the sea floor sucking sediment from artifacts and removing them with its mechanical pincers.



NYT

"It's the closest thing to my boyhood dream of Captain Nemo's Nautilus" — from Jules Verne's "20,000 Leagues Under the Sea," Mr. Ballard said.

Among the expedition's discoveries:

- A trading ship, 100-feet long, dating from 200 to 100 B.C. One of the earliest such ships ever found, it boasted two lead anchors and cargo holds fore and aft containing fine bronze vessels, at least eight types of tall double-handled jars called amphora and an array of kitchen and other household wares.
- A trading ship from about the time of Christ. It was loaded with amphorae indicating trade contacts with North Africa, Southern France and Campania, in southwest Italy.
- Two first-century trading ships, one carrying a heavy cargo of granite building stones, monolithic columns and a large iron anchor; the other carrying wine and oil amphorae from North Africa.
- A merchant ship from the late fourth century, with amphorae from North Africa and other parts of the Mediterranean. A cluster of iron anchors lay on the remains of the deck along with small hand-operated mills, a lamp from Carthage and a Roman coin.

FRANCE: *Unemployment Rises to a Postwar Record of 12.6%*

Continued from Page 1

three-way national job summit involving government, unions and employers.

Some economists said Thursday that the new figure might be a peak before unemployment starts to taper off, if France's current export boom leads to stronger economic growth. Indeed, the CAC-40 index of blue-chip shares closed at a record high 3,075.67 points on Thursday, up 6.37 points.

Most French executives say radical labor-market changes are needed, including cuts in welfare payments and more freedom to fire employees, if the country is to make significant gains in creating jobs.

The government has played for time, apparently hoping that its planned job-creation measures, including an expansion of the public-service bureaucracy, will spur demand that in turn will translate into growth and jobs to keep pace with France's growing work force and, by early next year, cut into unemployment.

Even that hope may prove overoptimistic. The overall rise in unemployment included an even sharper jump in the numbers of young people who have never had a job and workers who have been out of work for more than one year.

As bad as these official figures are, the French performance would emerge in a sharply worse light if the government used the accounting methods current among international organizations.

The key difference is that France, in its system, now counts as unemployed only those people who are actively seeking a full-time job. In contrast, many economists prefer to measure a country's job performance in simpler terms as a percentage of the working-age population holding full-time jobs.

Not counted in the jobless figures in France, for example, are people who have accepted early retirement.

Using this raw ratio of employment to population of employable age, international comparisons last year showed the United States with 75 percent employment and Britain with 71 percent, compared with 59 percent for France and 64 percent for Germany. This gap is wider than the often-cited disparity in unemployment rates based on government definitions — the official U.S. unemployment rate is 5.0 percent, compared with France's 12.6 percent figure.

A significant part of the difference, economists say, reflects Europe's rising number of early retirees, many of whom were forced to stop working on the theory that their departure would make room for younger people to be hired.

As a result, barely one person in three between 55 and 65 has a job in France or Germany. In contrast, the employment rates for people in that age category last year were 56 percent in the United States and 48 percent in Britain, according to statistics from the Organization for Economic Cooperation and Development.

Interpreting these figures, economists said that many people in this category were forced to take early retirement when they would have preferred to continue working — and might be expected to be productive as experienced employees.

In addition, a very high percentage of these early retirees are benefiting from government-subsidized plans, which weigh as heavily as unemployment insurance in welfare budgets.

The latest official figures also minimized other dark spots in the employment picture that point up the impression that France's economy remains in trouble despite a strong export performance.

For example, a recent accounting change in France, adopted by the previous government, no longer counts people as "unemployed" who work more than 20 hours a week, even in low-paid part-time internships. Often a thinly veiled way of circumventing France's high minimum wages, these training programs reduced the official unemployment rolls by 10 percent last month.

Under the old system that counted such people, the jobless total would stand at 3.5 million people — a 5 percent annual rise. Even the new system now shows a 9 percent annual rise in long-term unemployed, and some French cities have 25 percent youth joblessness.

The figures will worsen in the coming months, economists predicted, because people who leave school each spring are only counted as unemployed if they are jobless in September.

That bulge will be particularly big this year because France has halted the draft, which until now has kept nearly 200,000 young men off the unemployed rolls for up to 15 months.

GERMANY: *Kohl to Put Tax Defeat to Use in His Campaign*

Continued from Page 1

defends the package as the nation's best plan to combat a record 11-percent unemployment rate and attack the economy's structural problems. The plan would have slashed corporate and personal taxes and simplified complex rules in a bid to bolster investment and create jobs.

The plan would have lowered the minimum personal income tax to 15 percent, from 26 percent. The highest personal tax rate — for incomes of $53,000 or higher — would have dropped to 39 percent from 53 percent.

It would also have lowered a tax surcharge imposed after reunification to help rebuild east Germany, from 7.5 to 5.5 per cent.

Leading members of the Social Democrats promised to reject the government's second attempt at passage as well, buttressing the view of political analysts and newspaper commentators that Mr. Kohl's initiative had no chance.

Just as Tony Blair's Labour Party in Britain seized on conservative ideas in its platform, Social Democrats promised Thursday to put tax reform back on the agenda if they win the chancellorship next year, even though their version could not be enacted until 2000.

Their announcement prompted new government complaints of a "scorched earth" strategy. It accused the opposition of deliberately worsening the economic climate in hopes that voters would throw out the incumbents next year.

After 16 hours of negotiations that ended at 2 A.M. Thursday, the two sides agreed only on the abolition of a relatively minor tax on business assets.

Hans Peter Stihl, head of the German Federation of Chambers of Commerce, called the abolition of the tax "only a drop in the bucket" and said the rejection of the broad plan was "a slap in the face to the economy."

Martin Kohlhaussen, president of the Association of German Banks and chairman of Commerzbank AG's executive board, said, "The failure of the tax reform is a declaration of bankruptcy over Germany's ability to reform."

The German Industry Federation called the vote a "fiasco," that ignored middle-sized companies and the record number of unemployed in Germany.

Social Democrats charged that the tax cuts would benefit mainly high-income individuals. They also complained of fiscal irresponsibility, contending that the revenue shortfall would widen the deficits.

Mr. Kohl has more immediate reasons to keep tax reform hopes alive. Rejection of tax reform worsens the tensions that have been tearing at his frail coalition government all year. The junior coalition partners, the Free Democrats, have based their political survival on a tax-cutting stance. Keeping tax reform on the agenda, at least marginally, allows Mr. Kohl to appease the Free Democrats, who repeatedly have threatened to leave the government this year if Mr. Waigel takes a stand on taxes they oppose.

The Free Democrats have served notice that they will press for a long-awaited reduction in the unpopular "solidarity" surcharge on income tax even if the broader tax reform package fails.

Mr. Waigel is resisting, because without the defunct tax package, he cannot compensate for the resulting shortfall of tax revenue, which is earmarked for reconstruction in Eastern Germany.

U.S. Keeps Pressure on France for Airline Deal

The Associated Press

WASHINGTON — Pushing for a new aviation accord with France that would lift barriers to trans-Atlantic services, the Clinton administration warned Thursday that further delays could have a bad effect on the French tourist industry.

"We hope that, as the new French government assesses its economic interests, it will conclude, as we have, that aviation services are a critical component of economic expansion and vitally important to the major industry of tourism," Charles Hunnicutt, the Transportation Department's assistant secretary for aviation, told a Senate subcommittee.

"The multi-billion dollar tourist industry of France should be appalled as its economic fate sits on so unstable a foundation," Mr. Hunnicutt said.

Services to France by U.S. passenger airlines have been restricted for four years, since France renounced the former, relatively liberal air-transport agreement between the two countries.

Two rounds of negotiations aimed at replacing the aviation agreement have failed over French insistence on assuring a bigger market share for Air France, their ailing national carrier.

This spring, the state-owned airline announced its first profit in eight years. But it is now absorbing the money-losing domestic carrier Air Inter.

Another obstacle to a new bilateral accord is the French insistence on a nine-year transition period to phase in the "open skies" arrangements that the United States has with Britain, Germany and other European countries. The agreements have contributed to a boom in bilateral services.

Mr. Hunnicutt warned that the United States would not allow Air France to join any of the U.S.-European code-sharing alliances — such as Delta-Austrian Air-Sabena-Swissair or United-Lufthansa-SAS — until a bilateral agreement was in place.

"As these major alliances continue to expand and flourish, airlines such as Air France will find it increasingly difficult to compete," he said. "Thus, to ignore the economic reality of this changing industry is to assure mediocrity, at best."

Speaking to the aviation subcommittee of the House Committee on Transportation, Mr. Hunnicutt said he hoped that the French would conclude that "open skies is not a threat to Air France, but is essential to its survival and future prosperity."

Last year, Air France agreed to coordinate operations with Delta Air Lines and Continental Airlines and to pool their sales and marketing efforts.

But in the absence of an aviation accord, the airlines have been unable to progress to a more lucrative code-sharing arrangement in which carriers use the same code on tickets. This enables customers to avoid rechecking baggage when switching planes belonging to different carriers.

KOREA: *Broad U.S. Plan*

Continued from Page 1

but also clearly express a mutual desire for the reduction of tensions on the peninsula.

Such a step, U.S. officials said, could eventually lead to a pullback of some military forces and weaponry from the demilitarized zone between the countries, and perhaps pave the way for peaceful unification.

Because the armistice stopped the fighting but allowed hostilities to persist, the inter-Korean border remains one of the most heavily militarized in the world. North Korea has more than a million troops within a short distance of the border, facing an estimated 887,000 South Korean and U.S. soldiers.

Sam Nunn, a former Democratic senator from Georgia who visited the North last week to discuss negotiations with Foreign Ministry and military officials, said: "I think it's going to be a long, hard process. They feel cornered and desperate, but remain very proud."

Mr. Nunn, who does not have a formal role in the negotiations, also said that North Korean officials complained they did not feel "there is a level playing field" in the talks because their archenemy, South Korea, has warm relations with both China and the United States.

The North Koreans "bristled," Mr. Nunn said, when he urged them to undertake structural change in their farming system. They insisted they would never abandon their independent, state-managed economy, he added.

As a backdrop to the talks, relief workers who have recently traveled to the North have told U.S. officials that starvation is spreading and have urged much larger deliveries of food aid than the United States and its allies have been willing to provide so far.

Catherine Bertini, a former assistant secretary of agriculture in the Bush administration who directs the United Nations World Food Program, said Wednesday in Washington that the "situation is bad and getting worse" because food stocks have been exhausted and the next major harvest will not begin until October.

"The children are emaciated," Ms. Bertini said. "Half of them are skin and bones."

She said the country urgently needed an estimated 800,000 tons of food and that drought might have killed up to a quarter of this year's crop.

U.S. Keeps Pressure on France for Airline Deal

Tokyo Raids Homes of Yamaichi Executives

Compiled by Our Staff From Dispatches

TOKYO — In a deepening scandal involving suspected payoffs to a corporate racketeer, Tokyo prosecutors on Thursday raided the homes of senior executives of Yamaichi Securities Co., a major Japanese brokerage.

The action followed searches the previous day at the company's headquarters in central Tokyo and several other offices.

Yamaichi is suspected of illegally funneling about 79 million yen ($667,000) in 1995 to Ryuichi Koike, who has been arrested on racketeering charges, to make up for trading losses he suffered.

Mr. Koike also has been accused of extorting money from Japan's biggest brokerage firm, Nomura Securities Co., and receiving shady loans from Dai-Ichi Kangyo Bank.

Mr. Koike is believed to have obtained 300,000 shares in each of Japan's Big Four brokerages — Yamaichi, Nomura, Daiwa Securities Co. and Nikko Securities Co. The stakes are high enough to allow him to ask at shareholders' meetings for changes in top personnel.

Prosecutors think Mr. Koike bought the shares in 1989 using questionable loans obtained from Dai-Ichi Kangyo.

Japanese corporate racketeers buy stock in target companies and threaten to raise embarrassing questions about executive sex scandals or business losses if they are not paid off. Doing business with them is illegal.

The Thursday raids covered about 20 locations, including offices and facilities related to Yamaichi, Jiji Press said.

The homes of Tsugio Yukihira, 65, chairman of Yamaichi, and Atsuo Miki, 60, its president, were among the locations raided, Japanese media said.

A Kyodo news agency report said that the two men would soon resign their posts to take responsibility for the brokerage's alleged involvement in a high-profile payoff scandal.

But a Yamaichi spokesman said Thursday that the executives had not expressed any intention of resigning.

The daily Nihon Keizai Shimbun quoted Mr. Miki as saying that he would consider carefully whether he should resign as president.

Kyodo said Mr. Yukihira intended to resign from the chairmanship of the Japan Securities Dealers' Association, an industry body for brokerages in Japan.

An official of the Tokyo District Public Prosecutor's Office refused to comment on the investigation.

Meanwhile, the Ministry of Telecommunications said Thursday that its postal insurance system and the postal savings system have decided to suspend new business with Yamaichi for the time being because of the scandal.

On Wednesday, the Finance Ministry ordered Nomura and Dai-Ichi Kangyo to suspend key operations until the end of the year as penalties for their involvement in alleged payoffs to Mr. Koike.

The daily Asahi Shimbun, meanwhile, reported the major broker had guaranteed Mr. Koike yields of more than 10 percent on some 300 million yen he deposited in an account opened under the name of his brother's real-estate company in June 1994.

Yamaichi promised to rack up gains in the six months to the end of 1994, while making a discretionary trading contract on behalf of Mr. Koike, the major daily quoted informed sources as saying.

The company refused to comment on the report, saying prosecutors' investigation was under way.

Mr. Miki said the linking of Yamaichi to the scandal would adversely affect business in its corporate division but that the brokerage would still be able to post an interim and full-year profit in the current business year ending on March 31, 1998. *(AP, AFP, Reuters)*

Alexander Natruskin/Reuters

MOSCOW HOT LINES — Vyacheslav Kostikov, spokesman for the media and banking executive Vladimir Gusinsky, announcing the filing of a slander suit in Moscow on Thursday over allegations surrounding the partial privatization of RAO Svyazinvest. Page 15.

Daimler's Profit Grows Slightly

But Gains, Bolstered by Weak Currency, Are Less Than Expected

Compiled by Our Staff From Dispatches

STUTTGART — Daimler-Benz AG, Germany's largest company, said Thursday that first-half net income rose 27 percent, below expectations, as its aerospace unit swung to its first profit in six years.

The company also said that unprofitable currency hedging and high taxes had eaten up a strong rise in operating profit.

Net earnings rose to 992 million Deutsche marks ($538 million) from 782 million DM a year earlier. Sales rose 14 percent, to 55.9 billion DM. Operating profit, lifted by favorable currency fluctuations, more than doubled, to 1.85 billion DM from 827 million DM.

Daimler said that Mercedes, its largest and most profitable unit, posted a 1 percent increase in operating profit, to 1.43 billion DM. High investment costs for the launch of new models, including its A-Class and M-Class cars, tempered gains from booming sales.

Daimler-Benz Aerospace AG, which has not turned a profit since 1991, posted a first-half operating profit of 74 million DM, rebounding from a 677 million DM loss a year earlier. The unit benefited from a reorganization program begun in 1995 and from the strength of the dollar.

Daimler gets 60 percent of its sales abroad, helping it to benefit from the weakness of the German currency. The mark has fallen more than 16 percent against the dollar since the beginning of the year.

Daimler is among the German exporters whose sales are benefiting from a weaker mark, which raises the value of foreign revenue and makes German products cheaper overseas. The gains were partly offset by currency hedging, which cost the company 111 million DM, compared with a 205 million DM gain last year, after the mark fell more than Daimler expected.

"The numbers are a bit disappointing as far as net profit goes, but operating profit is roughly in line with expectations," said Klaus-Juergen Melzner, an automobile analyst at Deutsche Morgan Grenfell, the research arm of Deutsche Bank AG.

Daimler-Benz shares fell 4.50 DM, or 2.9 percent, to close at 154.80.

"We had low expectations for Daimler's figures, but we remain positive for the stock," said Jacques Abramovicz, who helps manage 1 billion DM of stocks at WestKA Westdeutsche Kapitalanlagegesellschaft mbH in Duesseldorf.

First-half earnings also were bolstered by the sale of Daimler's AEG postal-automation unit.

Daimler paid 263 million DM in taxes in the latest period, in contrast to a 164 million DM tax credit last year, based on its loss in 1995 of 7.2 billion DM.

Daimler said earnings would be helped in the second half by a one-time gain from the sale of its share in the French software company Cap Gemini SA. Analysts have estimated the gain will be about 700 million DM. Daimler declined to confirm the figure. *(Bloomberg, AP, Reuters)*

■ Peugeot's Sales Bolster Shares

PSA Peugeot Citroen SA's shares rose 4 percent after the French carmaker said sales growth accelerated in the second quarter, Bloomberg News reported from Paris. Offsetting a drop in domestic sales, growth was strong in Asia and Eastern Europe.

The French carmaker said sales rose 11.6 percent in the second quarter, to 51.13 billion francs ($8.23 billion), after a 0.6 percent rise in the first quarter. Its stock rose 28 francs to close at 716.

Koreans Bristle at U.S. Carmakers

Bloomberg News

SEOUL — Carmakers here objected Thursday to a call from their American competitors for U.S. sanctions against South Korea's auto market.

The Big Three U.S. automakers are asking Washington to punish South Korea for its auto-import barriers. The American carmakers also seek an investigation of Japanese trade practices.

The requests from the American companies came at a sensitive time in South Korea, where Kia Motors Corp., the country's third-biggest automaker, is on the verge of bankruptcy.

"It is outrageous that the U.S. talks about sanctions when the Korean auto industry struggles to survive," said Huh Wan, general manager of South Korea's car-industry association, which represents Hyundai Motor Co., Daewoo Motors Co., Kia Motors and Ssangyong Motors Co. "We have no discrimination against imported cars."

The American Automobile Manufacturers Association, which represents Chrysler Corp., Ford Motor Co., and General Motors Corp., asked the U.S. trade representative, Charlene Barshefsky, to investigate South Korean practices that could warrant the country being designated as in violation of U.S. legislation known as Super 301.

The legislation allows for sanctions against governments found to have restrictive barriers to U.S. exports.

In a letter dated July 10, the U.S. association said that "a series of import and investment barriers" was curbing sales of imported cars in South Korea.

It said exports of cars and trucks to South Korea rose only to 10,315 last year from 6,921 in 1995, leaving the total at less than 1 percent of the 1.64 million vehicles sold in South Korea.

Mr. Huh said South Korea's 8 percent tariffs on imported cars were lower than those in many other countries. The United States imposes tariffs of 2.5 percent on passenger cars and 25 percent on imported commercial vehicles; the European Union places a 10 percent tariff on all cars.

Mr. Huh also said the imported-car sales figures cited by the U.S. association were misleading.

He said foreign cars accounted for 23 percent of South Korea's market for cars with engine sizes larger than 2,500 cubic centimeters.

■ Auto Firms to Help Kia

South Korea's two largest carmakers agreed to inject cash into a Kia Group division, a deal that the troubled conglomerate termed a breakthrough, Reuters reported.

A Kia statement said Hyundai Motor Co., the country's largest carmaker, and Daewoo Motor Co. had agreed in principle to buy stakes in Kia Steel Co., which makes specialty steel used in manufacturing cars.

In a hastily arranged meeting Thursday, Hyundai Motor's honorary chairman, Chung Se Yung, as well as Daewoo Corp.'s chairman, Kim Woo Choong, and the Kia Group chairman, Kim Sun Hong, agreed that their companies would form a consortium to save Kia Steel. The agreement came on the eve of a crucial meeting of Kia creditors to discuss the fate of the embattled conglomerate.

WALL STREET WATCH

Tobacco Executives Look to Payday

By Myron Levin
Los Angeles Times Service

LOS ANGELES — Top tobacco-company executives personally stand to gain more than $200 million in profits from stock options if Wall Street remains enthusiastic about the settlement agreement reached between the companies and state governments, according to a new report.

The biggest winner would be Geoffrey Bible, chief executive of Philip Morris Cos., whose stock options could grow in value by $72.9 million, according to a report issued Wednesday by the Institute for Policy Studies, based in Washington.

Two other Philip Morris executives would see the value of their options rise by more than $20 million each, and RJR Nabisco Chairman Steven Goldstone and Vincent Gierer Jr., chairman of UST Inc., could profit by $8.4 million and $6.7 million, respectively, the report said. Stock options allow executives to buy shares in their companies at below-market prices and profit from the higher current price of the stock.

The report did not take a stand on the $368.5 billion tobacco accord, which if ratified by Congress will restrict future legal claims against the industry in exchange for big settlement payments and an array of concessions on health-related issues.

But Sarah Anderson, a fellow at the institute, said the results should "raise some warning flags." She said the executives headed "an industry that has caused a lot of deaths and health problems" and that the settlement should be "about improving public health and not about lining the pockets of these executives."

However, tobacco officials said raising the stock price of their companies is what executives are paid to do.

"Any time a stock moves up, all of the company's shareholders benefit," said Jason Wright, a spokesman for RJR Nabisco. "That obviously includes management shareholders.

"To try to single out any class of shareholders is just plain silly."

Company heads could gain a lot from the proposed settlement with state governments.

Another industry spokesman, who asked not to be identified by name, said the analysis had been based on assumptions that may or may not come true. This is "speculation about a future that can't be known," he said.

Wall Street reacted favorably to the tobacco truce, bidding up tobacco stocks' prices about 15 percent between April 1, when peace talks began, and June 20, when the deal was announced. Although cigarette price increases required to fund the deal are likely to cut sales and profits, the cigarette makers would benefit from greater predictability in their future costs and reduced legal vulnerability.

Therefore, the companies and many analysts are expecting the companies' share prices to climb briskly in the next 12 months if Congress approves the deal. Using proxy statements filed with the Securities and Exchange Commission, the report estimates that rising share prices will create a jackpot of $206 million for 15 top tobacco-industry executives.

Executives from three other cigarette companies were not included: Brown & Williamson Inc. because its British parent, BAT Industries PLC, does not file executive-compensation data with the SEC; Lorillard Inc., because it does not reward its executives with stock options; and Liggett Group Inc., which reached a separate legal settlement.

The report, co-written by the Stakeholder Alliance, another Washington-based group, estimated the gains on stock option gains by comparing share prices as of April 1 with prices it said were likely to be reached if Congress approves the tobacco accord.

Those target prices — $60 a share for Philip Morris, $44 for RJR and $40 for UST — came from estimates by Gary Black, an analyst with Sanford C. Bernstein & Co.

Philip Morris shares fell 81.25 cents to close at $45.125, RJR Nabisco fell $1.0625 to $32.9375, and UST was unchanged at $29.

Edelman Raises Bid for Hotel Group

Bloomberg News

PARIS — Asher Edelman offered Thursday to buy the French hotel company Societe du Louvre, which owns some of the most prestigious hotels in France, for 3.9 billion francs ($630 million).

The deal would be the first for Mr. Edelman, who was a known player in the mergers and acquisitions world in the 1970s and 1980s, since he came out of retirement in 1995.

A takeover of Societe du Louvre would give Mr. Edelman control of the famous Le Crillon hotel, which overlooks Paris's Place de la Concorde, the Concorde Lafayette hotel in Paris and the l'Ambassador and Le Martinez hotels in Cannes.

Societe du Louvre also owns the crystal maker Baccarat and Annick Goutal, a perfume maker.

Mr. Edelman's bid of 310 francs for all 12.58 million shares represents a 33 percent premium to Wednesday's closing share price of 233 francs. On Thursday, Societe du Louvre shares closed at 265, up 32.

Mr. Edelman already has a small stake, less than 5 percent, in Societe du Louvre. The businessman said he believed the company's value was "greater than its current share price and that it can be run on a more profitable basis."

Luxury goods companies with significant brand names have become popular acquisition targets, especially since the dollar has gained 19 percent this year against the franc, encouraging U.S. citizens to spend more money in France, Europe's biggest tourist market.

"Luxury hotels in Paris are full at the moment," said Thierry Girardet, fund manager at Fival. "Business is doing very well."

Anne-Claire Taittinger-Bonnemaison, president of Societe du Louvre's management board, said the company did not have enough details to comment on the Edelman bid.

In May, Mr. Edelman made a 275 franc-a-share bid for the entire company. Taittinger SA, Societe du Louvre's main shareholder with about 53 percent of its voting rights, rejected the offer, saying it was a strategic part of its holdings.

The bid made Thursday represents a 13 percent increase over Mr. Edelman's previous offer.

Free Report

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Hong Kong	800967309	Israel	1771000102	Italy	167875928	Japan	00511126009
Korea	0038110243	Luxembourg	08004552	Mexico	95800879417B	Netherlands	06022067
N. Zealand	0800441880	Portugal	050112632	Singapore	8001202501	S. Africa	0800996337
Spain	900931007	Sweden	020793158				
Switzerland	0800897233	Thailand	001800119216613				
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Top EU Aide Slams Clinton Over Boeing

Reuters

PARIS — A European commissioner accused President Bill Clinton on Thursday of harassing European Union leaders to win the EU's approval for Boeing Co.'s purchase of McDonnell Douglas Corp.

"This American pressure is quite inadmissible," the EU research commissioner, Edith Cresson, said in an interview with France Inter radio a day after the commission, the EU executive board, formally approved the $15 billion merger.

Approval of the deal averted a trans-Atlantic trade war.

"Mr. Clinton telephoned several heads of state and government leaders," Mrs. Cresson said.

She said the calls were "quite abnormal, absolutely abnormal."

She added that Mr. Clinton had called the prime minister of Luxembourg, Jean-Claude Juncker, "at two o'clock in the morning."

FIDELITY WORLD FUND
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RC B 9497

NOTICE OF ADJOURNED EXTRAORDINARY GENERAL MEETING

As the Extraordinary General Meeting of July 14, 1997, did not reach the quorum of 50% required by law, notice is hereby given that an Extraordinary General Meeting of Shareholders of Fidelity World Fund Sicav ("the Company") will be held at the registered office of the Company in Luxembourg on August 18, 1997 at 11.00 a.m., or on any adjourned date, to consider the following agenda:

1. To resolve to liquidate Fidelity World Fund.
2. To appoint Fidelity Investments Luxembourg S.A. as the Liquidator and to determine the powers to be granted to the Liquidator and the liquidation procedure.
3. To fix the date of the second Shareholders' Meeting to hear the Report of the Liquidator and to appoint Coopers & Lybrand as the Auditors of the Company.
4. To fix the date of the third Meeting of Shareholders to hear the Report of the Auditor and to decide the close of the Liquidation of the Company.

No quorum of shares present or represented at the Meeting is required in order to deliberate validly on the agenda. A decision in favour of the Resolution no. 1 of the agenda must be approved by Shareholders holding at least 2/3 of the shares represented at the Meeting.

Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

Dated: February 19, 1997
By Order of the Board of Directors

Fidelity Investments™

CURRENCY & INTEREST RATES

Cross Rates

July 31

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
London (a)	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Madrid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Milan	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New York (b)	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]
Toronto	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
1 ECU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1 SDR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] ... in other centers; New York at 4 [illegible] ... N.A.: not available.

Libid-Libor Rates

July 31

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5½ - 5⅝	3 - 3⅛	1¾ - 1⅞	6⅞ - 7	3¼ - 3⅜	½ - ⅝	4⅛ - 4¼
3-month	5⅝ - 5¾	3⅛ - 3¼	1 7/16 - 1 9/16	6 15/16 - 7⅛	3¼ - 3⅜	9/16 - 11/16	4 3/16 - 4 5/16
6-month	5¾ - 5⅞	3 5/16 - 3 7/16	1 9/16 - 1 11/16	7 3/16 - 7 5/16	3⅜ - 3½	9/16 - 11/16	4¼ - 4⅜
1-year	5 15/16 - 6	3 9/16 - 3 11/16	1⅝ - 1¾	7 7/16 - 7⅝	3½ - 3⅝	11/16 - ¾	4 9/16 - 4 11/16

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds	5 9/16	5½
90-day CDs dealers	5.57	5.58
180-day CP dealers	5.47	5.47
3 month Treasury bill	5.10	5.09
1-year Treasury bill	5.16	5.18
2-year Treasury bill	5.72	5.78
5-year Treasury note	5.90	5.99
7-year Treasury note	5.94	6.03
10-year Treasury note	6.01	6.09
30-year Treasury bond	6.30	6.37
Merrill Lynch 30-day RA	5.11	5.11
Japan		
Discount rate	0.50	0.50
Call money	0.45	0.42
1-month interbank	0.53	0.53
3-month interbank	0.60	0.61
6-month interbank	0.63	0.65
10-year Govt bond	2.36	2.44
Germany		
Lombard rate	4.50	4.50
Call money	3.03	3.03
1-month interbank	3.13	3.13
3-month interbank	3.18	3.18
6-month interbank	3.30	3.30
10-year Bond	5.77	5.77
Britain		
Bank base rate	6¾	6¾
Call money	6⅝	6⅝
1-month interbank	6⅞	6⅞
3-month interbank	7 1/16	7 1/16
6-month interbank	7¼	7¼
10-year Gilt	6.91	6.91
France		
Intervention rate	3.10	3.10
Call money	3 5/16	3 5/16
1-month interbank	3¼	3¼
3-month interbank	3 5/16	3 5/16
6-month interbank	3 7/16	3 7/16
10-year OAT	5.55	5.58

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	326.50	326.20	+0.10
London	326.00	326.35	—1.20
New York	329.80	324.10	—1.90

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Aug.)

Source: Reuters.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	[illegible]	Greek drac.	[illegible]	Mex. peso	[illegible]	S. Afr. rand	[illegible]
Australian $	[illegible]	Hong Kong $	[illegible]	N. Zealand $	[illegible]	S. Kor. won	[illegible]
Austrian sch.	[illegible]	Hung. forint	[illegible]	Norw. krone	[illegible]	Swed. krona	[illegible]
Brazil real	[illegible]	Indian rupee	[illegible]	Phil. peso	[illegible]	Taiwan $	[illegible]
Chinese yuan	[illegible]	Indo. rupiah	[illegible]	Polish zloty	[illegible]	Thai baht	[illegible]
Czech koruna	[illegible]	Irish £	[illegible]	Port. escudo	[illegible]	Turkish lira	[illegible]
Danish krone	[illegible]	Israeli shek.	[illegible]	Russ. ruble	[illegible]	UAE dirham	[illegible]
Egypt. pound	[illegible]	Kuwaiti dinar	[illegible]	Saudi riyal	[illegible]	Venez. boliv.	[illegible]
Fin. markka	[illegible]	Malay. ringg.	[illegible]	Sing. $	[illegible]		

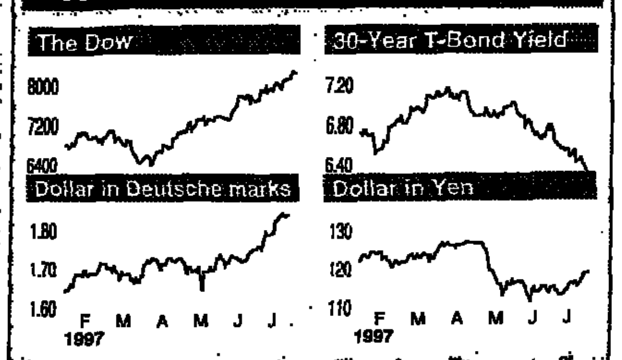
Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	[illegible]	[illegible]	[illegible]	Japanese yen	[illegible]	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]	[illegible]	Swiss franc	[illegible]	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]	[illegible]				

Sources: [illegible]

THE AMERICAS

Investor's America



Exchange	Index	Thursday @4PM	Prev. Close	% Change
NYSE	The Dow	8227.95	8254.89	-0.33
NYSE	S&P 500	956.11	952.31	+0.40
NYSE	S&P 100	932.78	928.30	+0.48
NYSE	Composite	495.25	493.57	+0.34
U.S.	Nasdaq Composite	1592.50	1588.06	+0.28
AMEX	Market Value	646.18	645.32	+0.13
Toronto	TSE Index	6881.30	6848.00	+0.49
São Paulo	Bovespa	12860.91	12965.49	-0.81
Mexico City	Bolsa	5058.04	4957.77	+2.02
Buenos Aires	Merval	852.65	847.00	+0.67
Santiago	IPSA General	5707.21	5724.59	-0.30
Caracas	Capital General	N.A.	9409.27	-

Source: Bloomberg, Reuters — International Herald Tribune

Brazil Picks Spain's Iberdrola

Bloomberg News

RIO DE JANEIRO — A group led by the Spanish utility company Iberdrola SA won the bidding Thursday for a controlling stake in Cia. de Eletricidade do Estado de Bahia, paying a generous 1.73 billion reals ($1.6 billion) for a slice of Brazil's rapidly growing energy market.

The Iberdrola group, which includes Brazil's Previ pension fund, paid 77 percent more than the minimum price set for the stake by the northeastern state of Bahia and almost triple what other companies have paid for state electricity assets in Latin America.

"Unbelievable," Walter Stoeppelwerth, an analyst at Robert Fleming Securities in Sao Paulo, said just after the auction. "This group is paying a very expensive price. They must be incredibly optimistic about growth prospects."

This is Iberdrola's second foray into Brazilian state asset sales this month. The Spanish utility also has entered power markets in Chile, Bolivia and Argentina. Energy consumption in Brazil is growing twice as rapidly as in the United States, according to Edison Electric Institute, a U.S. utilities trade group. The soaring demand has drawn attention to Brazil's plan to sell $50 billion of utilities assets over the next two years.

Iberdrola will pay $310 firm value per megawatt hour, which is an analysis of the price paid in relation to market value plus debt, according to Mr. Stoeppelwerth.

That is three times as much as investors paid in earlier sales of Latin American utilities. Brazil's Espirito Santos Centrais Eletricas SA was sold for $111 firm value per megawatt hour, while Empresa Distribuidora Sur SA, in Argentina, was sold at a rate of $124 under the same calculation method.

Coelba, as the Bahia power utility is known, already controls most of the electricity market in the vast northeastern state of Brazil.

About the size of France, Bahia has a population of 13.7 million and counts itself as the fifth-biggest economy of all the states in Brazil.

The purchase of the 65.64 percent stake in Coelba provides Iberdrola with 2.3 million customers in 413 cities and towns in Bahia, corresponding to 56 percent of the electricity consumed in the state.

"Coelba deserved the price we paid," Eduardo Lopes Aranguren, director of Iberdrola, said after the auction at the Rio de Janeiro stock exchange.

Stock Prices Retreat On Slower Profit Gains

Compiled by Our Staff From Dispatches

NEW YORK — Stocks were lower Thursday amid concern that share prices cannot keep rising to records as profit growth slows with the economy.

But bond prices rose after a report showed economic growth and inflation slowed in the second quarter.

"It's more of the same story — growth is fine and inflation is excellent," leaving room for more gains in bonds, said Barry Evans of John Hancock Funds in Boston. Mr. Evans said he was positioned his holdings to benefit from falling yields.

Mr. Evans said he did not expect reports Friday on jobs and manufacturing to disrupt the rally, which drove yields to their lowest levels in almost a year and a half.

The benchmark 30-year Treasury bond was up 9/32 at 104 10/32, taking the yield down to 6.30 percent from 6.33 percent on Wednesday.

"There's a tug of war going on here between lower bond yields, which imply lower inflation and a slowdown in the economy, and record stock prices, which imply record profits," said Lawrence Rice, a stock market analyst at Josephthal Lyon & Ross. "You can't have it both ways."

The Dow Jones industrial average fell 32.28 points to 8,222.61, after setting a record of 8,254.89 on Wednesday. The Standard & Poor's 500 Index rose 2.02 to 954.31.

"We think profits are going to continue to grow, and we think inflation is going to stay under control," said Richard Jandrain, head of equity investments for Banc One Investment Advisors Corp. "Stocks are going to continue to do well."

Still, some investors saw no reason to commit new money right away, especially before they got a key reading of the economy from the July unemployment report.

"We've had a big run, and everybody's looking for an excuse to sell, so I don't think anybody's going to

U.S. STOCKS

stick their neck out with a big number coming out," Mr. Jandrain said.

Stocks initially rose after the government reported inflation at its lowest since 1964, suggesting that interest rates were not headed higher.

The signs of a slowing economy hit the stock of Caterpillar, which does best in an expansion.

Provident surged 5⅛ to 63⅜ after the company reported strong second-quarter earnings. The company also declared a 2-for-1 stock split and raised its quarterly dividend.

Coke fell after an analyst at Schroder & Co. cut her rating to "perform in line" from "outperform significantly."

Personal-computer stocks topped the active list after a Morgan Stanley, Dean Witter, Discover & Co. analyst, Mary Meeker, raised her earnings estimates on Dell Computer. Compaq Computer, the most active stock, rose 1 15/16 to 56 15/16, and Dell gained 3¼ to 85½.

Not all companies are beating Wall Street forecasts. SBC Communications fell ¾ to 59 3/16 after reporting lower-than-expected second-quarter profit.

Wendy's International fell after the fast-food retailer's earnings rose 16 percent in the second quarter, meeting expectations.

(AP, Bloomberg)

■ Mexican Stocks Surge

Mexico's Bolsa Stock Index topped 5,000 points for the first time as consumer spending finally caught up with a yearlong economic recovery, bolstering optimism for record company earnings in coming months, Bloomberg News reported from Mexico City.

"It looks like the consumer is back," said Paul White, fund manager at Atlantic Richfield Co. "I don't see a lot of holes in the macroeconomic picture."

The Bolsa rose 94.25 points, or 1.9 percent, to close at 5,068.48. Earlier it climbed as high as 5,127.70. The index has surged 7.5 percent in the past three days.

Household Products Lift P&G Net

Compiled by Our Staff From Dispatches

CINCINNATI — Procter & Gamble Co. said Thursday its profit rose 10.3 percent, to $611 million, in the quarter ended June 30, helped by strong sales of its Pampers diapers, Tide laundry detergent and other household products.

Sales rose to $8.95 billion from $8.58 billion, alleviating investor and analyst concerns that the company's sales growth was not keeping pace with a five-year cost-cutting drive that saved P&G about $1.6 billion.

"That's the single greatest area of concern for P&G this year," said Michael Grant, an analyst at J.P. Morgan Securities. "Today's results show the acceleration analysts had been hoping to see."

P&G also said it planned to continue its stock buyback program by acquiring another $1 billion in shares during its upcoming financial year. The company's stock was quoted at $152.75 in late trading, down 37.50 cents.

P&G achieved its biggest sales gains for the year at its Europe, Middle East and Africa division, which generated about half of total unit sales growth. Revenue in that region rose 1 percent, to $11.58 billion, on 7 percent volume growth, the company said.

In North America, P&G revenue rose 2 percent, to $17.7 billion, and unit sales increased 4 percent, led by sales of laundry detergents and fabric conditioners.

In Asia unit sales fell 7 percent, in part because the company is implementing a new distribution method to retailers.

Unit sales in Latin America fell 2 percent because of slow economies in the region and lower-than-expected demand. *(Bloomberg, Reuters)*

Very briefly:

Western Bancorp. to Buy Bank

NEWPORT BEACH, California (Bloomberg) — Western Bancorp. agreed Thursday to buy Santa Monica Bank for $198 million in stock and cash, increasing its business in the wealthy areas of Los Angeles.

With the combination, Western Bancorp. benefits from Santa Monica Bank's eight "large, well-located branches" and its "very successful trust business," said Hugh Smith, chairman and chief executive of Western Bancorp.

Dissidents to Control Sallie Mae

WASHINGTON (Bloomberg) — Shareholders voted Thursday to hand the reins of the Student Loan Marketing Association to a group of dissident board members as the company, the buyer of one of every three U.S. student loans, cast off its 25-year-old government charter.

Shareholders backed the Committee to Restore Value at Sallie Mae, which now takes control of the private corporation. The company buys student loans to hold in its own portfolio or to package into asset-backed bonds for sale to investors.

- **Tenet Healthcare Corp.**, the second-largest U.S. hospital company, posted a loss of $339.5 million for its fourth quarter, which ended May 31, wiping out a net profit of $7.6 million a year earlier. The loss reflected charges related to the company's purchase of **OrNda HealthCorp.**
- **Nomura Securities Co.'s** U.S. subsidiary plans to spin off its real-estate lending unit, one of its most profitable businesses, into a private company led by the group's executives.
- **Southam Inc.**, a publishing concern, reported a second-quarter profit of 34.9 million Canadian dollars ($25.3 million), more than double the year-earlier earnings.
- **Pixar Inc.'s** chief executive, Steve Jobs, has turned down an offer to become the next chairman of **Apple Computer Inc.** to continue working for the animation company, published reports said.

Bloomberg, AP

U.S. Growth Data Help the Dollar to Advance

Bloomberg News

NEW YORK — The dollar rose against most other major currencies Thursday as reports showing U.S. economic vigor outweighed concern the Bundesbank might move to bolster the weakened German currency.

A Commerce Department report showed the U.S. economy expanded while inflation remained subdued in the second quarter, heightening expectations that U.S. assets would continue to lure global investors to the dollar.

"The economic data underpinned the dollar," said John Hanly, manager of foreign exchange at Bank Austria. "The U.S. economy continues to grow at a reasonably strong, noninflationary rate."

The dollar rose to 1.8383 DM in late trading from 1.8365 DM a day earlier and to 118.675 yen from 118.385 yen.

The U.S. currency fell to 1.5115 Swiss francs from 1.5130 francs, but it rose to 6.1984 French francs from 6.1935 francs.

The pound was at $1.6404, up from $1.6290.

In earlier trading, the dollar weakened against the mark after the Bundesbank's vice president, Johann Wilhelm Gaddum, said the central bank would retain a tight grip on interest-rate policy for the foreseeable future.

"The Bundesbank remains able to set monetary policy until the euro

FOREIGN EXCHANGE

is launched," Mr. Gaddum said in an interview broadcast on German television. He referred to Europe's planned single currency, which is scheduled to replace the mark as the Continent's benchmark currency in January 1999.

Speculation that Germany might raise its lending rates surfaced last week after the Bundesbank at the start of its summer recess unexpectedly left its benchmark money-market rate fixed for two weeks, rather than for the typical four weeks.

Since then, other central bank officials have hinted they might lift rates, or sell dollars, to defend the mark, which was down about 15 percent against the dollar this year.

Many traders, however, do not expect the Bundesbank to raise rates, because that could slow an already sluggish economic recovery, and a strong dollar helps Germany's export sector by making German products more competitive abroad.

AMEX

Thursday's 4 P.M. Close

The top 300 most active shares, up to the closing on Wall Street.

The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	8271.15	8282.77	8207.28	8222.61	-32.28
Trans	2971.62	2998.33	2961.21	2991.95	+18.82
Util	234.46	235.62	234.15	235.56	+1.19
Comp	2540.79	2547.91	2528.49	2538.82	+0.66

Standard & Poors

	High	Low	Previous Close	Today 4 P.M.
Industrials	1119.87	1107.65	1118.00	1118.85
Transp.	686.85	676.60	684.67	687.01
Utilities	201.18	200.02	201.18	202.11
Finance	111.18	108.90	110.95	111.88
SP 500	953.98	941.98	952.29	954.31
SP 100	930.46	917.80	928.25	929.89

NYSE

	High	Low	3P.M.	Chg.
Composite	495.91	492.17	495.54	+1.97
Industrials	626.86	622.29	626.23	+1.78
Transp.	450.11	446.36	449.51	+2.39
Utility	293.06	291.10	292.82	+0.61
Finance	465.43	461.06	465.29	+4.01

Nasdaq

	High	Low	3P.M.	Chg.
Composite	1595.60	1585.09	1595.09	+7.04
Industrials	1262.04	1255.69	1260.75	+2.64
Banks	1725.58	1708.91	1724.98	+17.36
Insurance	1717.27	1710.15	1712.75	-2.93
Finance	2065.49	2057.98	2062.96	+5.45
Transp.	1027.88	1018.12	1026.65	+1.91

AMEX

[illegible]

Dow Jones Bond

[illegible]

Most Actives

NYSE

	Vol.	High	Low	3:45	Chg.
ColHCA s	125017	[illegible]	32	[illegible]	[illegible]
Compaq s	88812	[illegible]	[illegible]	[illegible]	[illegible]
MicrnT	63447	49	[illegible]	[illegible]	[illegible]
Unisys	52015	[illegible]	[illegible]	[illegible]	[illegible]
K mart	44267	[illegible]	[illegible]	[illegible]	[illegible]
PhilMor s	42068	[illegible]	[illegible]	45	[illegible]
TelMex	41140	[illegible]	[illegible]	[illegible]	[illegible]
Conseco s	40859	[illegible]	40	[illegible]	[illegible]
AT&T s	40836	[illegible]	[illegible]	[illegible]	[illegible]
GnMotr	40129	[illegible]	[illegible]	[illegible]	[illegible]
GenElec s	37507	[illegible]	[illegible]	[illegible]	[illegible]
Wendys	34920	[illegible]	24	[illegible]	[illegible]
MSDWD s	34527	[illegible]	[illegible]	[illegible]	[illegible]
PepsiCo	34471	[illegible]	[illegible]	[illegible]	[illegible]
FannMae	32355	[illegible]	[illegible]	[illegible]	+1

Nasdaq

	Vol.	High	Low	3:45	Chg.
WorldCm	153788	[illegible]	[illegible]	[illegible]	-1
Intel s	145930	92	[illegible]	[illegible]	[illegible]
DellCpt s	94267	[illegible]	[illegible]	85	[illegible]
ForeSys	83733	[illegible]	[illegible]	[illegible]	[illegible]
Ascend	64263	55	[illegible]	[illegible]	[illegible]
TeleComA	61225	[illegible]	[illegible]	[illegible]	[illegible]
3Com	59371	[illegible]	[illegible]	[illegible]	-1
AlEnter n	57135	[illegible]	[illegible]	21	—
Sunglss	50538	[illegible]	[illegible]	[illegible]	[illegible]
Quantum s	50354	[illegible]	[illegible]	29	[illegible]
AlnSem	49563	[illegible]	[illegible]	[illegible]	[illegible]
Exsorbet	48913	[illegible]	[illegible]	[illegible]	[illegible]
MCI	45958	[illegible]	[illegible]	[illegible]	—
CellrTch	45632	[illegible]	4	[illegible]	[illegible]
Microsft s	45739	[illegible]	[illegible]	[illegible]	[illegible]

AMEX

[illegible]

Trading Activity

NYSE [illegible]

Nasdaq [illegible]

AMEX [illegible]

Market Sales

[illegible]

Dividends

[illegible]

Stock Tables Explained

[illegible]

INTERNATIONAL FUTURES

July 31, 1997

	High	Low	Latest	Chge	Opint
Grains					
CORN (CBOT)					
5,000 bu minimum- cents per bushel					
Sep 97	[illegible]	[illegible]	[illegible]		60,473
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ORANGE JUICE (NCTN)					
15,000 lbs.- cents per lb					
Sep 97	76.15	75.10	75.85	-0.05	17,544
Nov 97	78.25	77.20	77.90	-0.35	8,321
Jan 98	81.25	80.15	80.80	-0.40	3,657
Mar 98	84.10	83.10	83.90	-0.15	2,256
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LONG GILT (LIFFE)					
£50,000 - pts & 32nds of 100 pct					
Sep 97	116-02	115-10	115-14	-0-15	187,822
Dec 97	115-11	115-00	115-01	-0-15	7,470
Est. sales: 74,737. Prev. sales: 83,016					
Prev. open int.: 195,292 up 10,497					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrials					
COTTON 2 (NCTN)					
50,000 lbs.- cents per lb.					
Oct 97	75.40	74.60	74.97	-0.49	11,673
Dec 97	75.30	74.65	75.05	-0.31	42,646
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Stock Indexes — [illegible]

Commodity Indexes — [illegible]

Volvo Sells Its Stake In Renault to UBS For $737.7 Million

Compiled by Our Staff From Dispatches

STOCKHOLM — Volvo AB, Sweden's largest carmaker, said Thursday it had sold its 11.3 percent stake in the French carmaker Renault SA to UBS Securities for 5.9 billion kronor ($737.7 million).

"The sale of our stake in Renault is in line with the strategy the board set up in 1994," Leif Johansson, Volvo's chief executive, said. "The timing now is because we wanted to take advantage of the price increase Renault shares have had in 1997."

Volvo's stake in Renault was one of the last remnants of a cooperation pact between the two carmakers that ended in 1994 after Volvo shareholders rejected a proposed merger.

Renault said it was not surprised at Volvo's move to sell the stake and said it would sell its 3 percent stake in Volvo when the time was right.

UBS will place the 27.2 million Renault shares on the market at 171 francs ($27.52) a share. Renault's shares, which have risen 40 percent in the past two months, closed in Paris at 172.40, down 0.30.

Volvo's shares rose 1.30 to close at 213.30 in Stockholm.

Renault's stock rose to a one-year high of more than 187 francs last week, buoyed by a rise in the French stock market to record levels, gains in the pound that are expected to help Renault's results and strong sales of the popular Megane Scenic minivan-style car.

The sale of the Renault stake is part of Volvo's strategy to get rid of assets unrelated to its main business.

"This is a long-awaited transaction, and the next step we're waiting for is Volvo selling its Pharmacia & Upjohn shares," Mats Liss, an analyst at Swedbank Markets, said. "The sale was made at a better-than-expected gain."

Volvo said it would make a capital gain of 750 million kronor from the sale.

Volvo holds 19.8 million shares, or a 4 percent stake, in Pharmacia & Upjohn Inc., a Swedish-American drugmaker that posted a 34 percent drop in second-quarter net income this week.

Volvo is one of the largest industrial groups in Scandinavia, producing cars, trucks and buses as well as marine and aircraft engines. Much of its cash from selling assets has been invested in introducing a number of car models in the past year, a move that helped raise its second-quarter net income 48 percent.

"This will add to Volvo's already strong financial position," Mr. Liss said. "Possible targets of investment include the construction division and Volvo's U.S. truck operations."

This year, Volvo sold its stake in Pripps-Ringnaes for a capital gain of 3.1 billion kronor and its 4.7 percent stake in SAS Sverige AB, the Swedish-listed portion of the Scandinavian airline, for a capital gain of 221 billion kronor.

(AP, Reuters, Bloomberg, AFP)

Vendome Adds Lancel to List Of Top Brands

Bloomberg News

PARIS — Vendome Luxury Group PLC agreed Thursday to buy France's Lancel for 342 million Swiss francs ($226 million), a transaction it said would increase its leather-goods sales by about 40 percent.

Vendome said the purchase of Lancel, which has 85 shops, mostly in France, would help it build its position in the luxury leather-goods market, where it competes with LVMH Moet Hennessy Louis Vuitton SA.

Vendome, whose luxury-leather brand names include Cartier, Alfred Dunhill, Mont Blanc and Seeger, said Lancel offered it "a young image and a wider customer base."

Vendome said the acquisition, expected to be completed by Sept. 30, would have no material effect on its financial position.

Jean Zorbibe, chairman and managing director of Lancel, will remain chairman and become a minority shareholder of Lancel.

Feud on Svyazinvest Heats Up

Reuters

MOSCOW — The feud that has broken out among business tycoons with links to the Kremlin turned uglier Thursday, with one media magnate suing a rival and suggesting that the uproar could bring down young reformers in the government.

The minister in charge of economic reforms, Anatoli Chubais, tried to cool tempers Wednesday, saying that President Boris Yeltsin was satisfied with the sale of a quarter of RAO Svyazinvest, the state telecommunications holding company. The Svyazinvest stake was sold for $1.88 billion to a consortium led by a Russian banker and former government minister and backed by the naturalized American financier George Soros.

But the feud kept simmering Thursday as Vladimir Gusinsky, a businessman identified by several by political and industry sources as a key player in the losing bid, brought a slander suit against the leader of the winning consortium for suggesting he had tried to mount a "backroom deal."

Mr. Gusinsky controls the Most banking and media empire. A spokesman for Mr. Gusinsky said that Most had taken no part in the losing bid, whose backers have not been officially identified.

The spokesman, Vyacheslav Kostikov, who read a statement announcing the suit, also stoked the political temperature by hinting that Mr. Yeltsin could and should act "firmly" against ministers who had supported the sale.

As a result of the sale, "cracks have appeared in the face of the government," Mr. Kostikov said.

He praised a move by Prime Minister Viktor Chernomyrdin to study the Svyazinvest sale more closely. Mr. Kostikov, a former spokesman for Mr. Yeltsin, contended that the buyers were foreign speculators with links to top ministers.

Mr. Kostikov, in an apparent reference to ministers eager for economic reforms, said it was possible that these "activists" might "find themselves experiencing an unintentional and unforeseen loneliness."

Some leading business groups, through the newspapers and television channels they control, have lambasted the sale, which was the country's biggest privatization. They have accused so-called liberals in the government of colluding with the winning bidders.

The auction's winner, Mustcom, Ltd., is led by Vladimir Potanin, 36, the chief of Uneximbank. He dismisses the criticism as grumbling by the losing bidders.

Mr. Chubais, 42, the deputy prime minister who is also finance minister, and Deputy Prime Minister Boris Nemtsov, 36, another reformer, as well as financial analysts have welcomed the auction for being competitive and for valuing Svyazinvest at a realistic price.

Glaxo Profit Slips on Higher Pound

Compiled by Our Staff From Dispatches

LONDON — Glaxo Wellcome PLC reported a 2 percent fall in half-year profit Thursday as a strong pound and the expiration of key patents, principally for the anti-ulcer drug Zantac, dented sales.

The pharmaceuticals company said it had pretax profit of £1.52 billion ($2.48 billion) for the first six months of the year, compared with £1.55 billion in the first half of 1996. The rise in the pound was the main reason for the decline, the company said, as its sales abroad translated into fewer pounds at home. Revenue was £4.11 billion, compared with £4.19 billion a year earlier.

The company left its dividend unchanged at 15 pence a share.

Glaxo Wellcome said it had £1.26 billion in sales from new drugs in the first half of the year, a 31 percent increase. The company's shares, which have risen 40 percent since the start of the year, fell 33 pence to close at £12.92.

The U.S. patent for the ulcer drug Zantac expired last Friday, but the company is still making $5 million a day selling the drug in the United States as competitors fight in court over who can sell which generic version.

Glaxo said it was on target to achieve its previously announced goals of low single-digit sales growth in 1997 and 1998 and double-digit sales growth in 1999, with new drugs making up for the loss of Zantac. Earnings growth is likely to be unchanged in 1997 and 1998, and after that Glaxo expects to see "significant growth" in 1999.

(AP, AFP, Reuters, Bloomberg)

BT Hopes to Speed MCI Decision

Compiled by Our Staff From Dispatches

LONDON — British Telecommunications PLC said Thursday that it expected to decide in "weeks rather than months" whether to renegotiate its $20 billion purchase of MCI Communications Corp. of the United States.

Robert Brace, BT's finance director, said, "We aim to complete the strategic review as quickly as we can, and I would expect that to be weeks rather than months."

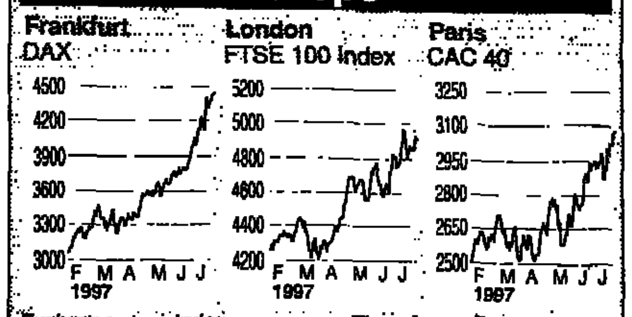
He made the comment as he announced a 1.4 percent rise in first-quarter profit, to £881 million ($1.43 billion). Revenue came to £3.80 billion, compared with £3.64 billion a year earlier.

Plans for the takeover of MCI were thrown into doubt this month when the U.S. company warned of heavier-than-expected losses in its local-phone operations.

BT launched a review of the financial plans related to the proposed takeover, which is a linchpin of the former state monopoly's strategy for global development.

(AFP, Reuters)

Investor's Europe



Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam	AEX	983.33	975.31	+0.82
Brussels	BEL-20	2,579.30	2,596.36	-0.66
Frankfurt	DAX	4,438.93	4,421.72	+0.39
Copenhagen	Stock Market	645.99	644.08	+0.30
Helsinki	HEX General	3,615.97	3,587.15	+0.80
Oslo	OBX	698.81	693.49	+0.77
London	FTSE 100	4,907.50	4,924.10	-0.34
Madrid	Stock Exchange	601.77	597.64	+0.69
Milan	MIBTEL	14694	14805	-0.75
Paris	CAC 40	3,075.67	3,069.30	+0.21
Stockholm	SX 16	3,519.18	3,576.35	-1.60
Vienna	ATX	1,480.49	1,474.01	+0.44
Zurich	SPI	3,752.66	3,767.97	-0.41

Source: Telekurs International Herald Tribune

Very briefly:

- **Societe Bic SA** of France acquired the U.S. pen manufacturer *Sheaffer. Terms were not disclosed.*
- **Bayerische Vereinsbank AG** will seek a stake of at least 40 percent in **Bayerische Hypotheken- & Wechselbank AG** but no more than 45 percent in the first stage of their proposed merger.
- **Britain** appointed David Clementi, a leading investment banker and the architect of several of the previous Conservative government's privatizations, as deputy governor of the Bank of England.
- **Rosneft,** a Russian state-owned oil company, said it would withdraw from a $1 billion oil deal with Azerbaijan that Russia recently said it had been a mistake to enter into. The oil field involved is also claimed by Turkmenistan.
- **Germany's** Transport Ministry said the government's 35.68 percent stake in **Lufthansa AG** would be sold in the autumn through the government development agency, **Kreditanstalt fur Wiederaufbau.** The sale is expected to raise 5 billion Deutsche marks ($2.71 billion).
- **Groupe Bull,** France's biggest computer maker, returned to profit in the first half, reflecting the sale last year of its unprofitable personal-computer unit and strong growth in its core businesses. Its net profit of 64 million francs ($10.3 million) contrasted with a year-earlier loss of 612 million francs.
- **SAP AG,** the world's leading maker of business software, will buy an unspecified minority stake in **Schmidt, Vogel & Partner GmbH,** a privately owned software firm.
- **Allied Irish Banks PLC's** first-half pretax profit rose 20 percent, to 242.2 million Irish punts ($351.3 million), well above expectations, as all divisions reported strong earnings.
- **KNP BT NV's** *second-quarter net profit more than doubled,* to 105 million guilders ($50.7 million), largely on a one-time gain from the sale of some businesses.

Reuters, Bloomberg, AP

WORLD STOCK MARKETS

Thursday, July 31

Prices in local currencies.

Telekurs

Amsterdam · Bangkok · Bombay · Brussels · Copenhagen · Frankfurt · Kuala Lumpur · Helsinki · Hong Kong · Jakarta · Johannesburg · London · Madrid · Manila · Mexico · Milan · Montreal · Oslo · Paris · São Paulo · Seoul · Singapore · Stockholm · Sydney · Taipei · Tokyo · Toronto · Vienna · Wellington · Zurich

[illegible]

The Trib Index

Prices as of [illegible]

Jan. 1, 1992 = 100	Level	Change	% change	year to date % change
World Index	[illegible]	[illegible]	[illegible]	[illegible]
Regional Indexes				
Asia/Pacific	[illegible]	[illegible]	[illegible]	[illegible]
Europe	[illegible]	-0.42	[illegible]	[illegible]
N. America	[illegible]	[illegible]	[illegible]	[illegible]
S. America	[illegible]	[illegible]	[illegible]	[illegible]
Industrial Indexes				
Capital goods	233.67	-0.34	[illegible]	[illegible]
Consumer goods	[illegible]	-0.48	-0.24	[illegible]
Energy	204.57	-1.45	-0.71	[illegible]
Finance	137.20	-0.67	-0.49	[illegible]
Miscellaneous	189.44	-1.86	-0.99	[illegible]
Raw Materials	136.49	-0.44	-0.22	[illegible]
Service	172.37	+0.14	+0.08	+25.52
Utilities	172.69	-0.56	-0.32	+20.38

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

[illegible]

NYSE

Thursday's 4 P.M. Close

Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

WAS IT THOSE HEADY VANILLA-SCENTED DAYS IN TAHITI? OR JUST SOME STRANGE MAGIC IN THE WOODWORK OF RAFFLES HOTEL?

Either way, when Signor Gambicini and his bride-to-be ended their world tour in Singapore, they approached the concierge with an urgent request. They absolutely, definitely, simply had to be married before the end of the week. One glance at the bonfires raging in those dark Mediterranean eyes and the concierge knew that here was a passion that would brook no denial. "I'll attend to it," he murmured. And then, whilst summoning up his strength to maintain the calm composure for which he was famous, he launched into a spate of frenetic activity. Phone calls were made to Milan, London and Paris. Guest lists drawn up. Air tickets arranged. Even a church was found in Singapore with an Italian speaking priest. Cupid himself could not have done better. So, finally, as the last peal of wedding bells faded on the evening air, a question was put to the redoubtable concierge. Did these tireless ministrations of the past week indicate the presence of a romantic streak lurking beneath that carefully composed exterior? The concierge considered for a moment, then casually flicked a sliver of confetti from his tunic. "Let's just say," he smiled, "that I'm a great fan of Luciano Pavarotti."

RAFFLES HOTEL SINGAPORE

A RAFFLES INTERNATIONAL HOTEL

Raffles Hotel, 1 Beach Road, Singapore 189673. Tel: (65) 337-1886. Fax: (65) 339-7650. Internet: raffles@pacific.net.sg

Continued on Page 18

Thai Reserves Drop Less Than Expected

By Thomas Crampton
Special to the Herald Tribune

BANGKOK — Thailand's central bank said Thursday it had spent a little less than $1 billion defending its currency against speculators in June, a quarter of the amount it spent a month earlier and much less than many analysts had expected.

The Bank of Thailand said foreign reserves fell to a two-year low of $32.4 billion in June from $33.3 billion in May as the country fought to keep the baht pegged to a dollar-dominated basket of currencies. But mounting pressure as the economy deteriorated prompted Bangkok to float the currency July 2 and to call for International Monetary Fund assistance this week.

"The small amount reserves dropped was quite a surprise for the whole market," Arporn Chewakrengkrai, chief economist for Deutsche Morgan Grenfell, said. He said reserves were thought to have fallen to around $30 billion.

Given the fall in foreign reserves, many analysts also were surprised at the increase in Thailand's money supply. Its monetary base, or the amount of cash and bank savings in the financial system, was up 29.9 percent in June from a year earlier, at 514.5 billion baht ($16.52 billion). A central bank official said the change was due in part to an increase in the amount of money printed but that most of it had come from injections of cash into the finance sector.

With the currency-reserves data released, analysts said market attention was now focused on negotiations between Thai authorities and the IMF. The Thai cabinet is due to decide Tuesday whether to accept an IMF-proposed assistance package. Analysts said the package probably would require cutting spending and allowing insolvent financial institutions to fail.

Early Volley in Tokyo Big Bang

Banks Will Be Allowed to Start Selling Mutual Funds

Bloomberg News

TOKYO — The Ministry of Finance said Thursday it would allow commercial banks to sell mutual funds beginning Dec. 1 as part of the government's "Big Bang" campaign to dismantle the walls separating banks and brokerages.

Under the plan, commercial banks can invite companies that manage mutual funds — or investment trusts, as they are known in Japan — to sell the funds at bank branches.

The government said it had not yet decided when to permit banks to sell their own mutual funds. Currently, almost all mutual funds in Japan are sold by brokerages.

The ministry will also allow brokerages to step on a key part of the banks' turf, allowing them to offer so-called universal accounts beginning Oct. 1. Customers will be able to have their salaries paid directly into these accounts and to have bills paid automatically from the accounts.

Only banks now are authorized to offer such accounts.

Dai-Ichi Kangyo Bank Ltd., which is embroiled in a scandal involving payoffs to a corporate racketeer, will be prohibited from marketing mutual funds until Aug. 6, 1998, as part of its punishment that was announced Wednesday, the ministry said.

In June, the ministry disclosed a basic outline of some banking and brokerage measures as part of the broad deregulation plan that Prime Minister Ryutaro Hashimoto pledged to complete by 2001. On Thursday, the ministry announced a schedule for implementing these changes.

Among the other changes it announced, it said it would lift restrictions Friday on the purchase and cancellation of money-market mutual funds.

Currently, investors are required to pay at least 100,000 yen ($845) to start such funds. Investors also have to pay penalties to cancel these funds within 30 days of purchase and cannot withdraw more than 1 million yen on the spot.

The government also will permit mutual-fund management companies to include unlisted stocks in their investment products beginning Sept. 1.

To further break down the walls between banks and brokerages, the Finance Ministry will permit banks' brokerage subsidiaries to trade such instruments as convertible bonds, warrants, stock options and stock futures beginning Oct. 1.

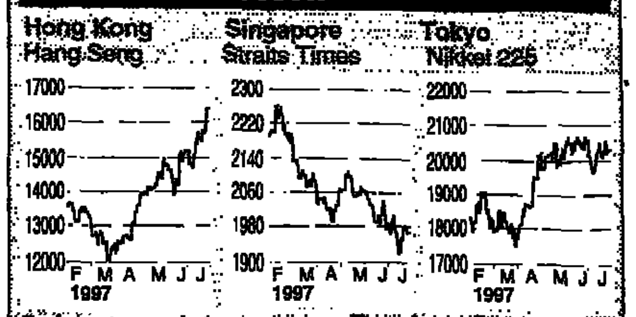
Lehman Brothers to Cut Staff at Its Japanese Unit

Bridge News

TOKYO — Lehman Brothers said Thursday that it would reduce its stock-trading and research staff in Japan as part of a global restructuring that aims to focus on high-profit operations.

The unit, which has about 450 staff, will focus on such areas as bonds, takeovers and real estate, a spokesman said. Sources said that the equities sales team would be cut to four members from around 10 and that the number of analysts would be reduced to two from eight.

Investor's Asia



Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong	Hang Seng	16,365.71	15,983.18	+2.39
Singapore	Straits Times	1,967.14	1,966.41	+0.04
Sydney	All Ordinaries	2,735.10	2,735.09	Unch.
Tokyo	Nikkei 225	20,331.43	20,212.82	+0.59
Kuala Lumpur	Composite	1,012.84	1,024.74	-1.16
Bangkok	SET	665.62	679.58	-2.05
Seoul	Composite Index	726.12	726.89	-0.11
Taipei	Stock Market Index	10,066.35	9,942.79	+1.24
Manila	PSE	2,616.40	2,595.42	+0.81
Jakarta	Composite Index	721.27	721.98	-0.10
Wellington	NZSE-40	2,571.98	2,575.52	-0.14
Bombay	Sensitive Index	4,305.76	4,244.89	+1.43

Source: Telekurs — International Herald Tribune

Very briefly:

- **Taiwan**'s central bank said it would lift the discount rate, the rate charged to commercial banks for short-term loans, to 5.25 percent from 5.00 percent, effective Friday, to help support the Taiwan dollar.
- **Hopewell Holdings Ltd.** of Hong Kong missed a Thursday deadline for submitting revised plans to complete a long-delayed road-rail transit system in Bangkok, Suwat Liptapallop, the Thai transport minister, said.
- **Japanese** bonds rose, pushing yields toward record lows, a day after a report on June industrial output confirmed that the country's economy was still too weak to withstand higher interest rates. The yield on the No. 182 government bond, due Sept. 20, 2005, fell one basis point, to 2.115 percent.
- **Japan**'s housing starts slipped 11.6 percent in June from a year earlier, to 120,842 units, falling for the sixth consecutive month on a year-on-year basis.
- **Pohang Iron & Steel Co.** was earmarked for a possible credit downgrade by **Moody's Investors Service Inc.**, which said the South Korean steelmaker's bid to buy the assets of **Hanbo Steel**, a bankrupt rival, could weaken its finances.
- **Australia**'s retail sales in June fell 1.8 percent on a seasonally adjusted basis from May. Retail sales in May were up 2.9 percent from April.
- **India**'s Maharashtra state will consider requests by **Fiat SpA** for further cost concessions for a planned car factory, Manohar Joshi, chief minister of the state, said.
- **The Vietnam News** quoted Nguyen Sinh Cuc, an economist with the General Department of Statistics, as saying that Vietnam's economy showed a "phenomenon of minus growth" in the first seven months of the year amid evidence of stockpiling of industrial products and weak consumer demand.
- **Wanfang Data Corp.**, a Chinese scientific institute controlled by the State Science and Technology Commission, will soon launch a computer service supplying scientific and technological research and data about China over the Internet.

Bloomberg, Reuters, AFP, AFX

Buoyant Dollar Helps Sony to Double Profit

Compiled by Our Staff From Dispatches

TOKYO — Sony Corp. said Thursday its net profit slightly more than doubled in the quarter that ended June 30 as a strong dollar buoyed sales of electronic gadgets such as camcorders and as its Hollywood studios released box-office hits such as "My Best Friend's Wedding."

Sony's group net profit surged 104 percent from a year earlier, to 34.8 billion yen ($293.9 million), on a 22 percent jump in sales, to 1.4 trillion yen. Sony's U.S. sales led the way, rising 37 percent, to 435.8 billion yen.

"We saw big gains in revenue from the U.S. market thanks to the weaker yen and sales growth at our film units," Masayoshi Morimoto, a senior vice president, said.

Analysts say Sony's film units should continue to aid profit in the current quarter as a result of movies such as "Men in Black," a science-fiction comedy that has earned $194.3 million.

Sony's shares rose 200 yen to close at 11,800. The results were announced after the close of trading in Tokyo. The stock has risen 55 percent so far this year and 75 percent over the past 12 months.

A weak yen helps Japanese exporters by increasing the yen value of profits earned overseas. Exports account for almost 70 percent of Sony's total sales. The dollar's 10 percent advance against the yen from the year-earlier period added 90 billion yen to Sony's revenue. Sales in the company's core electronics business rose 22 percent, while entertainment businesses sales climbed 24 percent.

The strong showing prompted Sony to raise its forecast for profit at the group level in the year ending March 31, 1998, by 5 percent, to 168 billion yen, on sales of 6.18 trillion yen.

"Sony's doing well in everything it does," Kimihide Takano, an analyst at Dresdner Kleinwort Benson (Asia) Ltd., said before the results were announced.

Camcorders and the MiniDisk audio player were among Sony's most popular electronic products.

Sony sold 1 million camcorders in the quarter, up from 850,000 a year earlier. Sales of digital MiniDisk players more than doubled, to 550,000 units. But sales of color television sets fell to 2.45 million units in the quarter from 2.65 million units a year earlier. Sony attributed the decline to weak sales in China and Brazil.

(Bloomberg, Reuters)

INTERMARKET FUND
Société Anonyme
Registered Office:
2, Boulevard Royal, L-2953 Luxembourg
R.C. LUXEMBOURG B-8622

Shareholders are hereby convened to the

ORDINARY GENERAL MEETING

of shareholders of our company which will take place at the offices of Banque Internationale à Luxembourg, 69, route d'Esch, L-1470 Luxembourg, on August 11, 1997 at 12:00 for the purpose of considering and voting upon the following agenda:

1. **Submission of the Reports of the Board of Directors and of the Auditor;**
2. **Approval of the Statement of Net Assets and of the Statement of Operations for the year ended as at March 31, 1997; Allocation of the net results;**
3. **Discharge to the Directors;**
4. **Statutory Appointments;**
5. **Miscellaneous.**

The Meeting originally convened for July 11, 1997 could not validly deliberate due to lack of documents.

Shareholders are advised that no quorum is required for the items of the agenda of this Meeting and that decisions will be taken at the majority of the votes expessed by the shareholders present or represented at the Meeting.

In order to attend the meeting the owners of bearer shares have to deposit their shares five clear days before the meeting at the offices of Banque Internationale à Luxembourg, 69, route d'Esch, L-1470 Luxembourg.

THE BOARD OF DIRECTORS

INDOSUEZ HIGH YIELD BOND FUND
Société d'Investissement à Capital Variable
Registered Office: 39, Allée Scheffer
L-2520 Luxembourg
R.C. Luxembourg B: 43.962

NOTICE TO THE SHAREHOLDERS

This is to inform the Shareholders of the **INDOSUEZ HIGH YIELD BOND FUND Sicav** that the Board of Directors' Meeting held on July 17, 1997 decided to pay a dividend of USD 4.50 per share to the holders of Distribution Shares.

The shares will go ex-dividend on August 22, 1997 and the payment of the dividend will be carried out on August 29, 1997.

The Board of Directors.

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NASDAQ

Thursday's 3:45 P.M.

The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.

The Associated Press

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NYSE

Thursday's 4 P.M. Close

(Continued)

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Advertisement

INTERNATIONAL FUNDS

July 31, 1997

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For information on how to list your fund, fax Katy Houri at (33-1) 41 43 92 12 or E-mail : funds@iht.com

To receive free daily quotations for your funds by E-mail : suscribe at e-funds@iht.com

w	FL Trust Asia	$	207.02
w	FL Trust Switzerland	SF	260.15
063 FIDELITY INVESTMENT			
Tel - 00 352 251351230			
d	New Europe Fund	$	26.73
d	Orient Fund	$	112.19
d	Global Selection Fund	$	20.50
d	Special Growth Fund	$	28.20
064 FINANSA GROUP			
m	The SE Asia Frontier Fund	$	4.74
m	The Vietnam Frontier Fund	$	10.61
066 FLEMING FUND MANAGEMENT LUXEMBOURG (Tel : 352 34 101)			
d	UK Growth	£	8.1100
092 ITALFORTUNE INTL. FUNDS			
w	Class A (Aggr Growth Ital)	Lit	101234.00
w	Class B (Global Equity)	$	12.89
w	Class C (Global Bond)	$	11.52
w	Class D (Ecu Bond)	Ecu	11.20
093 JAMES RIVER CAPITAL CORP.			
w	Chesapeake (July 25Est)	$	5112.00
w	III Fund Ltd (July 25Est)	$	1769.00
w	III Global Ltd (July 25Est)	$	1762.00
w	Pipling Fd Ltd (July 25Est)	$	1501.00
w	Shetland Fd Ltd (July 25Est)	$	1329.00
w	Stonehenge (July 25Est)	$	2289.00
094 JARDINE FLEMING, GPO Box 11448 Hg Kg			
CANADIAN DOLLAR PORTFOLIO			
d	Class A	C$	18.73
d	Class B	C$	17.89
CORPORATE HIGH INCOME PTFL			
d	Class A-1	$	9.65
d	Class A-2	$	13.53
d	Class B-1	$	9.65
d	Class B-2	$	13.39
DEUTSCHE MARK PORTFOLIO			
d	Class A	DM	16.01
d	Class B	DM	15.16
EUROPEAN BOND PORTFOLIO (DM)			
d	Class A-1	DM	15.98
d	Class A-2	DM	20.81
d	Class B-1	DM	15.98
d	Class B-2	DM	20.29
EUROPEAN BOND PORTFOLIO (US$)			
m	Premier Global Bd Fd	$	1824.13
m	Premier Total Return Fd	$	1098.70
142 PRIMEO FUNDS			
m	Primeo Global Fd	$	10.84
m	Primeo Select Fund	$	12.47
PRIVATE 002 CAPITAL INTERNATIONAL LTD			
T 441 295 0226 / F 441 295 3926			
w	PCI-Bay Real Estate Eq Fd	$	100.00
143 PUTNAM			
d	Emerging Hlth Sc. Trust	$	50.48
d	Putnam Em. Info. Sc. Trust	$	102.47
d	Putnam High Inc. GNMA Fd	$	7.91
d	Putnam Intl Fund	$	22.53
144 QUANTUM GROUP OF FUNDS			
w	Asian Development	$	173.00
d	SBC Money Mkt Fd - ITL	Lit	701617.00
d	SBC Money Mkt Fd - ESP	Pta	91908.00
d	SBC Money Mkt Fd - ATS	AS	7163.23
d	SBC Money Mkt Fd - GBP	£	676.26
d	SBC Money Mkt Fd - CHF	SF	1268.50
d	SBC Money Mkt Fd - USD I	$	847.53
d	SBC Money Mkt Fd - USD II	$	490.83
d	SBC Money Mkt Fd - JPY	Y	122302.00
w	UBAM-Short-Term $	$	1352.78
w	UBAM-Short-Term ECU	Ecu	1732.09
w	UBAM Med-Term $ Bond	$	1090.79
w	UBAM DEM Bond	DM	1419.40
w	UBAM FRF Bond	FF	7200.16
w	UBAM GBP Bond	£	1233.45
w	UBAM World Bonds CHF	SF	1070.72
w	UBAM Emerging Growth	$	1273.27
w	UBAM European Equity	DM	1822.60
w	UBAM Swiss Equity CHF	SF	1726.21
w	UBAM-Conserv Ptfl CHF	SF	1032.47
w	UBAM-Conserv Ptfl USD	$	1038.06
176 UNICO FINANCIAL SERVICES S.A.			
d	AMF Communication Fd	$	115.79
d	AMF Communication Fd	DM	212.42
d	Profirent S.A.	DM	1751.38
d	U.U.F. DEM Aktien	DM	157.65
d	U.U.F. DEM Renten A/B	DM	134.89
d	U.U.F. DEM Reserve A/B	DM	116.02
d	U.U.F. Short Term A/B	DM	118.74
d	Unico Equity Fund	DM	103.00
d	Unico Inv. Fund	DM	64.83
178 US GLOBAL INVESTORS INC GUERNSEY			

d	UBS (Lux) Short T I-DEM A	DM	623.520
d	UBS (Lux) Short T I-DEM T	DM	623.520
171 UEBERSEEBANK Zurich (FAX 8287)			
d	B - Fund	SF	1447.27
d	E - Fund	SF	1221.53
d	J - Fund	SF	327.67
d	M - Fund	SF	1874.87
d	UBZ Euro-Income Fund	SF	12.35
d	UBZ World Income Fund	Ecu	62.53
d	UBZ Gold Fund	$	87.01
d	UBZ Nippon Convert	SF	1103.74
d	Asia Growth Convert SFR	SF	1295.13
d	Asia Growth Convert US$	$	1234.82
d	UBZ DM - Bond Fund	DM	126.25
d	UBZ D - Fund	DM	196.25
d	UBZ Swiss Equity Fund	SF	224.42
d	UBZ American Eq Fund	$	156.79
d	UBZ $ - Bond Fund	$	110.73
d	UBZ Southeast Asia fd	$	100.92
d	US Value Growth Fd	$	142.48
m	UBZ Diversified Strgies A	$	1229.71
m	UBZ Diversified Strgies B	$	1229.73
173 UNION BANCAIRE ASSET MGT (UBAM) INTERNATIONAL, NASSAU			
w	Allinvest	$	1870.63
w	Aradinvest	$	3880.71
w	Brinvest	$	1922.43
w	Chilinvest	$	1699.02
w	Dinvest	$	3457.34
w	Dinvest India	$	632.27
w	Hartinvest	$	947.29
w	Joginvest	$	3197.41
w	Kinginvest	$	1925.57
w	Martinvest	$	2217.15
w	Maurinvest	$	3818.79
w	Maurinvest Ecu	Ecu	2615.07
w	Quadrinvest	$	5038.83
w	Riaginvest	$	1049.95
CAPITAL GUARANTEED IC			
w	Guaranlinvest (USD/CHF) C	$	27082.37
w	Guaranlinvest France A	$	25262.98
w	Guaranlinvest (USD/YEN) D	$	24472.41
w	Guaranlinvest Euro-Fin Ltd A	$	25128.96
w	G. (US Tobacco Basket) A	$	28442.08
w	G. (Hong Kong & China) A	$	25624.65
174 UNION BANCAIRE ASSET MGT (UBAM) INTERNATIONAL, HAMILTON			
w	Dinvest Asia $	$	1147.50
w	Latam High Yield Ltd US$	$	5579.58
w	Russia & Eastern Europe	$	5145.29
175 UNION BANCAIRE ASSET MGT (UBAM) INTERNATIONAL, LUXEMBOURG			

999 Other Funds

w	VNI Plurigestion Plumol 97	FF	16.95
b	Voyager Investments Plc	$	13.0877
f	Vulture Ltd	$	5247.74
d	Win Global Fd Int Bd. Ptfl A	Ecu	167.11
d	Win Global Fd Int Bd. Ptfl T	Ecu	213.48
d	Win Global Fd Int Div Ptfl A	Ecu	246.74
d	Win Global Fd Int Div Ptfl T	Ecu	263.29
d	Win Global Fd Int Eq. Ptfl A	Ecu	204.38
d	Win Global Fd Int Eq. Ptfl T	Ecu	212.60
d	World Balanced Fund S.A	$	15.81
w	World Invest (Alsace) (Mar26)	$	175.00
m	Worldwide Limited	$	83.25
w	WPG Famer Weber O'secs	$	204.695z
m	Young	SF	273.44
m	Zonelt Lombardier Ltd	$	237.12
m	Zweig DiMenna Intl Ltd	$	17178.00

AS - Australian Dollars; AS - Austrian Schillings; BF - Belgian Francs; CS - Canadian Dollars; DM - Deutsche Marks; DKK - Danish Kroner; Do - US Dollars; ECU - European Currency Unit; FF - French Francs; FM - Finish Mark; FL - Dutch Florin; IDR - Indonesian Rupiah; Lit - Italian lira; LF - Luxembourg Francs; p-pence; MYR - Malaysian Ringgit; Ptas - Pesetas; SGS - Singapore Dollars; SF - Swiss Francs; Sek - Swedish Kronor; THB - Thai Baht; Y - Yen.

a - asked + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - stock Split; * - Ex-Dividend; ** - Ex-Rts; - @ Offer Price incl. 3% prelim. charge; * - Paris exchange; ++ -Amsterdam exchange; e - misquoted earlier; x-not registered with regulatory authority. P: Middle of bid and offered price. E: estimated price; y: price calculated 2 days prior to publication; z: bid price.

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (f) - fortnightly; (r) - regularly; (t) - twice weekly; (m) - monthly.

The Communicator.

NOKIA 9000

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Herald INTERNATIONAL Tribune
SPORTS
FRIDAY, AUGUST 1, 1997

WORLD ROUNDUP

Grambling Slapped With Probation

Grambling State University was placed on two years' probation Thursday by the NCAA for violations including recruiting, out-of-season practices and academic eligibility.

The violations occurred in Grambling's football and men's and women's basketball programs, the NCAA said.

In the football program, violations included improper recruiting contacts with prospective transfer athletes, improper tryouts and out-of-season practices.

The announcement came as Eddie Robinson — the winningest coach in college football with 405 victories — was preparing to begin his final season. Robinson had agreed to retire after this season following an effort to force him out last winter. He has won eight Black College Championships and 17 Southwestern Athletic Conference titles or co-championships in 56 seasons as Grambling's coach.

In women's basketball, the NCAA said Grambling improperly allowed a student-athlete to practice and receive financial aid during the 1993-94 and 1995-96 seasons after an admissions-test score had been invalidated.

The men's basketball program also was cited for allowing a student to play in five games in 1993 while he was ineligible. Grambling was cited for failing to educate its football coaching staff on NCAA rules governing out-of-season practices and tryouts.

The school must develop a "comprehensive athletics compliance education program" with annual reports to the NCAA during the probation period, the NCAA said. *(AP)*

Senate Makes a Move On Antitrust Exemption

BASEBALL Major league baseball was brought a step closer to losing part of its 75-year exemption from antitrust laws on Thursday when a Senate committee voted to revoke the part dealing with labor relations.

By an 11-6 vote, the Senate Judiciary Committee approved legislation that mirrored language agreed to earlier this year by club owners and players.

The measure now goes to the full Senate, which will not take it up until after the August recess. Before it can become law, the House also must approve the measure.

The bill would treat baseball the same as any other professional sport when it comes to labor relations, meaning players could go to court if they reached an impasse in negotiations. Until now, players' only options have been to accept owners' offers or strike. *(AP)*

NBA Referee Admits Foul

BASKETBALL An NBA referee pleaded guilty in federal court to cheating on his income taxes and agreed to testify against other referees allegedly involved in an airline-ticket scam designed to put tax-free cash in their pockets.

In return for testifying, Jess Kersey, 56, avoided jail time. But he must pay a $20,000 fine and back taxes on more than $100,000 of unreported income, plus interest. Four other charges of income-tax evasion were dropped. Kersey could have been sentenced to 15 years if convicted on all charges.

He admitted to filing false tax returns from 1990 to 1993 and agreed to serve three years' probation and file corrected returns.

Kersey also resigned from his 24-year career as one of the NBA's top officials. His tenure included 14 NBA Finals and three All-Star games. He resigned of his own accord.

Kersey's guilty plea and sentencing came one week after a federal judge told him it would be in his best interest to negotiate a plea agreement because a jury was not likely to be convinced by his defense. *(AP)*

Athletics Federation Eases Drug Penalties

Minimum Ban Halved to 2 Years

The Associated Press

ATHENS — World track and field's governing body reduced its penalty for use of banned substances from four years to two on Thursday, falling into line with other world sports federations on the policing of drugs.

While the ruling by the International Amateur Athletic Federation calls for a minimum of two years' suspension for violators, individual national associations can impose longer penalties.

The federation was meeting on the eve of the World Championships, which begin Friday with opening ceremonies.

After about a two-hour debate, the proposal passed with 112 votes in favor, 56 against and 3 abstentions.

Several countries voiced opposition, including Canada, Britain, New Zealand, Australia, Norway. Nations from the Caribbean area objected as well.

The federation was reluctant to lower its standards but did so under pressure from the European Athletic Association, which insisted that many countries' court regulations prevented enforcement of a four-year ban.

While the minimum penalty has been reduced to two years for a first offense, the penalty for a second offense will remain a lifetime ban.

The federation also wiped out three-month suspensions for athletes who test positive for over-the-counter stimulants, replacing the ban with a warning. A second offense for that infraction will result in a two-year ban.

"This should not be interpreted as a lowering of the guard," Primo Nebiolo, president of the federation, said of the new measures.

The four-year ban was among the sporting world's harshest penalties. Most other international federations impose shorter suspensions for first-time offenses.

The amendment's critics argued that the reduction was a step backward in the anti-doping fight.

"We objected because we felt that a two-year ban is an aberration," said Cecil Smith, a Canadian delegate. "If an athlete is injured he's gone for two years. What kind of ban is that? It's not sending a good message. We're going back to where we were."

Also assailing the change was Amadeo Francis, area representative for North and Central America and the Caribbean. He said that "four years was having an impact" and that the program had been working.

Many athletes have won court battles for reinstatement. Their argument was that the ban infringed on their right to earn a living.

Among the countries that have refused to accept four-year bans are Russia, Bulgaria, Romania, Spain, Germany, Austria, France and South Korea.

The federation instituted the four-year ban in 1991, three years after the Canadian sprinter, Ben Johnson, was stripped of his Olympic gold medal and world record for testing positive for steroids at the 1988 Olympics.

Ralph Lund, president of Canada Athletics, said after the vote, "There were strong arguments to retain the four-year ban."

"The arguments for a two-year ban were based on a small number of cases," he said. "The two-year ban does not have a deterrent component. It's like a long injury to an athlete. When someone breaks the rules and cheats there should be a punitive component."

He added: "The IAAF said that it will increase out-of-competition testing significantly. That is a positive increase. Hopefully they will pursue that with some integrity."

Proposals to reduce the ban were rejected by the federation in 1993 and 1995.

Henny Ray Abrams/Agence France-Presse

The Yankees' David Wells aiming for a strikeout on his way to a 3-hit shutout of Oakland and his 11th victory.

Yankees' Wells Fans 16 Athletics

By Jack Curry
New York Times Service

NEW YORK — The inventive fans started affixing crude drawings of beer mugs to the upper-deck facade behind third base after Mark Bellhorn whiffed to start the game, and as the afternoon went along, each drawing represented another strikeout by David Wells.

The carefree Wells thought the beer mug drawings symbolized his personality perfectly. He likes beer and he liked the attention as the Yankees quenched the Oakland Athletics, 7-0, at Yankee Stadium on Wednesday.

Inning after thirsty inning, Wells ordered round after round with more strikeouts, and the fans continued taping up the mug drawings in his honor.

When the fans ran out of their artistic creations after 11, which was Wells's previous career best, they flattened plastic cups and wound up aligning five of those, while the pitcher who looks like a bouncer proceeded to strike out a total of 16 flustered A's.

When Wells's three-hitter was finished and before the "designated drawers" found their designated drivers, he waved toward them and tipped his cap in appreciation. Only Wells would feel honored by 11 pieces of paper and five crushed cups, all associated with an alcoholic beverage.

Wells (11-5) tied David Cone for the second-most strikeouts by a Yankee, two behind Ron Guidry's 19-year-old record, so it was fitting that Cone pointed out the honorary beer mugs to Wells in the sixth inning.

Cone, who celebrated his sweet 16 strikeouts against the Tigers only 37 days ago, said: "On one hand, it's not a good message for kids to see. On the other hand, it is David Wells."

So true. On a sunny day when Tino Martinez hammered his major league-leading 36th homer and boosted his runs-batted-in total to 99, when Luis

AL ROUNDUP

Sojo homered and rapped four hits and when the Yanks swept a three-game series from the A's at the stadium for the first time since April 1994, 35,480 fans were entranced by Wells. He did not allow a hit until Scott Spiezio lined a single off a diving Wade Boggs's glove with one out in the fifth.

In other games, reported by The Associated Press:

Red Sox 8, Mariners 7 Nomar Garciaparra's bases-loaded single in the 10th inning capped another Boston rally as the host Red Sox came back from a five-run deficit to beat Seattle.

The Red Sox scored two runs in the eighth inning and — for the fourth time in six games — scored three in the bottom of the ninth. Then they scored the game-winner in the 10th, an inning in which they were forced to use the pitcher Steve Avery as a pinch-hitter, followed by light-hitting Jesus Tavarez.

Orioles 3, Rangers 1 Scott Kamieniecki won his first start in more than a month and Geronimo Berroa drove in two runs as Baltimore capped a three-game sweep of visiting Texas.

Jeff Reboulet, subbing for the injured second baseman Roberto Alomar, went 3-for-4 with two doubles and an RBI. Alomar was placed on the 15-day disabled list before the game with a pulled groin.

White Sox 3, Tigers 2 Frank Thomas broke a sixth-inning tie with his 25th home run of the year, leading Chicago at home over Detroit and snapping a four-game losing streak.

Thomas was starting his second game as the designated hitter following Tuesday's trade of Harold Baines to Baltimore. Thomas, the AL's leading hitter with a .361 average, is 1-for-7 in the two games.

Twins 11, Royals 1 Brad Radke, handed an eight-run lead before throwing a pitch, won his 11th straight start by pitching Minnesota past Kansas City.

Radke (15-5) did not give up a hit until Chili Davis blooped a single with two outs in the sixth inning. Radke allowed three hits in seven innings.

Angels 5, Indians 2 Ken Hill won his first start for Anaheim, and the Angels completed a four-game sweep at Cleveland's Jacobs Field.

Jim Edmonds and Todd Greene homered for Anaheim, which moved within a half game of AL West-leading Seattle. The Angels' first sweep at Cleveland since 1988 made them 16-5 since the All-Star break. Cleveland went 4-10 on its longest homestand since August 1986.

Anaheim's Tony Phillips was apparently hit on the helmet by a small object thrown from the stands after striking out in the fifth inning. Phillips, held by teammates in front of the dugout, had flipped his bat near catcher Sandy Alomar after fanning.

Dodgers' Sale 'in the 7th'

Ownership Committee Lets Fox See the Books

By Jim Hodges
Los Angeles Times

LOS ANGELES — The seemingly glacial pace of selling a major league baseball team picked up when the major league baseball ownership committee agreed to let the owner of the Los Angeles Dodgers, Peter O'Malley, open the team's books to the Fox television network and the network's owner, Rupert Murdoch.

"I'd say we're in the seventh inning of a nine-inning game," O'Malley said of the proposed sale.

O'Malley stunned major league baseball on Jan. 6 by announcing that its last family-owned and operated club was on the block. Murdoch confirmed his interest in buying the club in May.

"This is a significant step," O'Malley said Wednesday of the ownership committee decision, adding, "Quite frankly, I do not anticipate any surprises down the road."

"I believe Fox will be an outstanding owner of the Dodgers," he said. "They have an excellent understanding of the complex issues facing baseball today."

Unlike in the sale of other businesses, a baseball franchise must get permission from a committee of eight club owners to open its books to a potential buyer, because of the various shared interests common to all teams in a sport. O'Malley said, adding that the rule was common to most other professional sports.

In a statement, Bill Bartholomay, chairman of the ownership committee as representative of the owner of the Atlanta Braves, Ted Turner, explained the next step.

"The Los Angeles Dodgers may now proceed to draft an agreement with Fox subject to the approval of the ownership committee and major league baseball for the change of ownership of the Dodgers," he said.

That approval would be sought at meetings in September. Two-thirds of the National League club owners and a majority of those in the American League would have to approve the sale.

The vote would involve Turner, who is Murdoch's bitter rival in the cable-television industry, and observers are curious as to whether he will seek to marshal forces to keep Murdoch away from the owners' table.

Neither side has mentioned a price for the Dodgers, whose sale includes Dodger Stadium, the franchise's 300-acre Vero Beach, Florida., spring training base and a baseball complex in the Dominican Republic.

Analysts have estimated that the package could bring from $300 million to $400 million.

The highest price paid for a baseball franchise was the $173 million that a group headed by Peter Angelos paid for the Baltimore Orioles, but that did not include a stadium and the other facilities offered in the Dodger package.

The O'Malley family has controlled the Dodgers since 1950. It brought the team from Brooklyn to Los Angeles to begin play in the 1958 season.

Chris Jones/The Associated Press

The owner of the Fox network, Rupert Murdoch, has moved a step closer to owning the Dodgers.

Galarraga Helps Rockies Beat Expos

The Associated Press

Andres Galarraga hit two homers and drove in five runs, giving him a major-league-leading 101 RBIs, as the Colorado Rockies beat the Montreal Expos, 12-6.

Galarraga went 3-for-4 with a walk in Wednesday's game. He hit a two-run homer in the first inning and three-run shot, his 28th, in the eighth. Vinny Castilla and Dante Bichette each went 4-for-4 for the host Rockies. Ellis Burks added a two-run homer in his first game since June 17, 11 days before he was placed on the disabled list because of a strained groin.

Rondell White, who went 4-for-4, Henry Rodriguez and David Segui each homered for Montreal.

Frank Castillo (8-9) won for the second time since being traded from the Chicago Cubs to the Rockies on July 15. Jeff Juden (11-5) was the loser.

Marlins 6, Reds 0 Livan Hernandez, the unbeaten rookie, allowed three hits in eight innings for his fifth win, leading host Florida past Cincinnati.

Hernandez, 22, became the first Florida pitcher to start a season 5-0. Dennis Cook pitched the ninth and gave up a hit. Moises Alou had a three-run homer and a run-scoring double, giving him three homers and seven RBIs in two nights.

Pete Schourek (5-7), the loser, allowed six hits and four runs in four innings.

Astros 7, Cardinals 4 Craig Biggio hit a bases-loaded triple in the eighth inning

NL ROUNDUP

and Darryl Kile won his eighth straight as Houston beat visiting St. Louis.

After the Cardinals scored three times in the eighth to tie it at 4, Houston came back with three runs.

Tim Bogar drew a lead-off walk from Tony Fossas (1-2) and Tony Eusebio singled. Mark Petkovsek, the relief pitcher, walked Thomas Howard, a pinch-hitter, and Biggio followed with a liner into the right-field corner.

Kile (15-3) has won 14 of his last 15 decisions, including a 6-0 mark in July. Kile allowed 10 hits and struck out seven in eight innings. Tom Martin pitched the ninth for his first career save.

Braves 6, Cubs 5 Atlanta rallied for two runs in the ninth inning, handing visiting Chicago its seventh consecutive loss on Fred McGriff's RBI single.

Chipper Jones had three hits and drove in three runs, tying the game on a double off Mel Rojas (0-4) after Danny Bautista led off the ninth with a triple.

McGriff followed with a sharp single to right and Jones easily beat the throw by Sammy Sosa. Rojas has now blown six saves in 19 chances.

Doug Glanville's RBI single in the eighth capped a two-run inning that gave the Cubs a 5-4 lead after they fell behind 4-0. Alan Embree (3-1) was the winner.

Mets 5, Giants 2 Carl Everett's two-run single capped a three-run eighth as New York rallied to defeat host San Francisco and cut the Giants' lead in the NL West to a half-game.

Rick Reed (9-4), who won his fifth straight decision, allowed two runs on five hits in seven innings as the Mets broke a three-game losing streak. John Franco pitched a perfect ninth for his 28th save in 32 opportunities.

Brian Johnson hit a pair of solo homers for the Giants, whose half-game lead over Los Angeles is their slimmest margin atop the NL West since June 11. The Giants led the division by six games at the All-Star break.

Julian Tavarez (3-3), who gave up Everett's single, was the loser.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION	W	L	Pct.	GB
Baltimore	66	38	.635	—
New York	61	44	.581	5½
Toronto	50	54	.481	16
Boston	51	56	.477	16½
Detroit	48	56	.461	18
CENTRAL DIVISION				
Cleveland	54	48	.529	—
Milwaukee	52	52	.500	3
Chicago	52	53	.495	3½
Minnesota	49	58	.458	8
Kansas City	43	60	.417	11½
WEST DIVISION				
Seattle	60	46	.566	—
Anaheim	60	47	.561	½
Texas	50	56	.472	10
Oakland	42	67	.385	19½

NATIONAL LEAGUE

EAST DIVISION	W	L	Pct.	GB
Atlanta	69	39	.639	—
Florida	60	45	.571	7½
New York	60	46	.566	8
Montreal	54	51	.514	13½
Philadelphia	32	72	.308	35
CENTRAL DIVISION				
Houston	59	49	.546	—
Pittsburgh	52	55	.486	6½
St. Louis	51	56	.461	7
Cincinnati	45	60	.429	12
Chicago	43	65	.398	16
WEST DIVISION				
San Francisco	59	49	.546	—
Los Angeles	58	49	.542	½
San Diego	52	55	.486	6½
Colorado	51	57	.472	8

WEDNESDAY'S LINESCORES

AMERICAN LEAGUE

Oakland 000 000 000—0 3 2
New York 311 100 01x—7 13 0
Karsay, Wengert (4), Groom (8) and Molina. D Wells and Girardi. W—D. Wells, 11-5. L—Karsay, 3-11. HRs—New York, Sojo (2), T. Martinez (36).

Seattle 000 300 040 0—7 12 1
Boston 002 000 023 1—8 18 0
Olivares, Holzemer (6), Lira (6), Ayala (7), B. Wells (8), Charlton (8), Hurtado (10) and Da.Wilson; Suppan, B. Henry (7), Wasdin (8), Slocumb (9), Corsi (10) and Hatteberg, Stanley (10). W—Corsi, 2-1. L—Hurtado, 1-2. HR—Seattle, E. Martinez (17).

Detroit 100 010 000—2 6 0
Chicago 020 001 00x—3 7 0
S Sanders, Miceli (7), M. Myers (8), To Jones (8) and Walbeck; Drabek, C. Castillo (7), T. Castillo (7), Karchner (8), R. Hernandez (8) and Fabregas. W—Drabek, 7-7. L—S Sanders, 3-8. Sv—R. Hernandez (27). HR—Chicago, F. Thomas (25).

Texas 010 000 000—1 3 0
Baltimore 000 200 10x—3 6 0
Burkett, Vosberg (7) and I Rodriguez. H. Mercedes (2). Kamieniecki, Orosco (7), A Benitez (8), Ra.Myers (9) and Webster. W—Kamieniecki, 7-5. L—Burkett, 7-10. Sv—Ra.Myers (30).

Anaheim 200 011 010—5 9 0
Cleveland 110 000 000—2 5 0
K.Hill, Cadaret (7), James (7) and Td Greene; Nagy, Assenmacher (8), Mesa (8) and S. Alomar. W—K. Hill 6-8. L—Nagy 10-7. Sv—James (7). HRs—Anaheim, Edmonds (17), Td.Greene (4). Cleveland, S. Alomar (13)

Minnesota 802 000 010—11 14 2
Kansas City 000 000 100—1 3 3
Radke, Ritchie (8) and Steinbach; Rusch, Whisenant (4), J Walker (7), J. Montgomery (9) and Mi Sweeney. W—Radke 15-5. L—Rusch 3-7

NATIONAL LEAGUE

Montreal 202 000 200—6 17 2
Colorado 321 001 14x—12 17 0
Juden, M. Valdes (5), Telford (6), D. Veres (7), DeHart (8), Forleisek (8) and Widger; F.Castillo, Hutton (7), Dipoto (7), M. Munoz (9) and Manwaring. W—F. Castillo 8-9. L—Juden, 11-5. HRs—Montreal, R. White (16), Segui (10), H. Rodriguez (21). Colorado, Burks (18), Galarraga 2 (28).

Cincinnati 000 000 000—0 4 2
Florida 301 000 11x—6 14 1
Schourek, Belinda (5), Remlinger (7) and Taubensee. L.Hernandez, Cook (9) and C. Johnson. W—L. Hernandez, 5-0. L—Schourek, 5-7. HR—Florida, Alou (14).

Chicago 000 002 120—5 11 0
Atlanta 100 210 002—6 10 0
Foster, R. Tatis (5), T. Adams (5), Bottenfield (6), Patterson (7), Rojas (8) and Houston, Servais (8); Smoltz, Bielecki (7), C.Fox (7), Cather (8), Embree (9) and J. Lopez. W—Embree 3-1. L—Rojas 0-4.

St. Louis 001 000 030—4 11 0
Houston 103 000 03x—7 11 0
Al.Benes, T. J.Mathews (7), Fossas (8), Petkovsek (8), Beltran (8) and Difelice. Lampkin (8); Kile, T. Martin (9) and Eusebio, Ausmus (9). W—Kile 15-3. L—Fossas 1-2. Sv—T. Martin (1).

New York 000 000 032—5 13 1
San Francisco 000 010 100—2 5 0
R Reed, Lidle (8), Jo.Franco (9) and Hundley; Rueter, Tavarez (8), Poole (9), D. Henry (9), R. Rodriguez (9) and B. Johnson. W—R. Reed, 9-4. L—Tavarez, 3-3. Sv—Jo.Franco (28). HRs—San Francisco, B. Johnson 2 (4).

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Yakult	62	32	1	.659	—
Hiroshima	41	40	—	.506	9.5
Yokohama	40	40	—	.500	10.0
Chunichi	41	45	—	.477	12.0
Hanshin	39	43	1	.476	12.0
Yomiuri	36	49	—	.424	16.5

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Orix	44	32	2	.579	—
Seibu	45	37	2	.549	2.0
Daiei	45	40	—	.529	3.5
Nippon Ham	41	46	1	.471	6.5
Kintetsu	38	45	1	.458	12.0
Lotte	33	44	2	.429	11.5

THURSDAY'S RESULTS

CENTRAL LEAGUE
Hanshin 7, Yakult 3

PACIFIC LEAGUE
Orix 3, Seibu 2
Kintetsu 6, Nippon Ham 5.

SOCCER

UEFA CUP
PRELIMINARY ROUND, SECOND LEG

GROUP B
Tiligul Tiraspol 1, Neuchatel Xamax 3
Neuchatel Xamax won 10-1 on aggregate

GROUP C
Viking Stavanger 0, Vojvodina Novi Sad 2
Aggregate score 2-2. Viking won 5-4 on penalties
Coleraine 1, Grasshopper Zurich 7
Grasshopper won 10-1 on aggregate

GROUP D
Spartak Trnava 3, FC Birkirkara 1
Spartak Trnava won 4-1 on aggregate

GROUP E
KI Klaksvik 2, Ujpest 3
Ujpest won 9-2 on aggregate
Neftochimik Bourgas 3, Brann Bergen 2
Aggregate 4-4. Brann Bergen won on away goals
Dundee United 9, CE Principal 0
Dundee United won 17-0 on aggregate

EUROPEAN CUP
CSKA Sofia 0, Steaua Bucharest 2
Steaua Bucharest won 5-3 on aggregate
Widzew Lodz 8, Neftchi Baku 0
Widzew won 10-0 on aggregate
Maribor Teatanic 1, Derry City 0
Maribor won 3-0 on aggregate
Croatia Zagreb 5, Partizan Belgrade 0
Croatia Zagreb won 5-1 on aggregate
Glasgow Rangers 6, GI Gotu 0
Glasgow Rangers won 11-0 on aggregate
Barry Town 0, Dynamo Kiev 4
Dynamo Kiev won 6-0 on aggregate
MTK Budapest 4, Pyunic Yerevan 3
MTK won 6-3 on aggregate
IFV Kosice 1, Akranes 0
IFV won 4-0 on aggregate

LIBERTADORES CUP
SEMIFINAL, SECOND LEG
Sporting Cristal 4, Racing Club 1
Sporting Cristal won 6-4 on aggregate
Colo Colo 3, Cruzeiro 2
Aggregate score 3-3. Cruzeiro won 5-4 on penalties.

CHAMPIONS' CUP QUALIFYING
Los Angeles Galaxy 4, Santos Laguna AC 1

CRICKET

SRI LANKA PRESIDENT'S XI VS. INDIA
THREE DAY MATCH
THURSDAY, IN COLOMBO
India: 308 and 255-5
Sri Lanka President's XI: 291
India drew three-day match.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

ANAHEIM —Optioned LHP Matt Perisho to Vancouver, PCL. Bought contract of LHP Greg Cadaret from Vancouver. Designated RHP Pete Janicki for assignment.

BALTIMORE —Put 2B Roberto Alomar on 15-day disabled list.

NATIONAL LEAGUE

ATLANTA —Optioned RHP Brad Clontz to Richmond, IL and recalled RHP Paul Byrd

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

NBA—Announced resignation of Jess Kersey, referee

CLEVELAND —Named Marc Iavaroni assistant coach.

MILWAUKEE —Signed G Michael Curry to multiyear contract.

PHILADELPHIA —Named Julie Bosley director of community relations.

PORTLAND—Named Mike Dunleavy coach and signed 5-year contract

SEATTLE —Signed F Stephen Howard to 1-year contract.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

CHICAGO —Signed CB Carey Dowden and OT Troy Barnett.

JACKSONVILLE—Put LB Tom McManus on injured reserve. Signed LB Dana Cottrell

KANSAS —Signed TE Tony Gonzalez to 6-year contract. Signed OT Steve Wallace. Released CB Willie Beamon.

MIAMI —Signed WR Jasper Strong. Signed WR Terence Davis and Waived CB Hudarfo Ismaeli, WR James Dye and P Rob Deignan.

PHILADELPHIA —Agreed to terms with DB Charles Dimry on 1-year contract.

PITTSBURGH —Announced DL Marcus Evers has left camp.

SAN FRANCISCO —Signed CB Marc Brown and OL Marc Lamb. Waived CB Corey Dowden. Placed LB Vincent Brisby on injured reserve. Signed CB Steve Young to 1-year contract. Agreed to terms with CB Jim Druckenmiller on 5-year contract.

WASHINGTON —Signed P Matt Turk to 3-year contract. Released LB Jeremy Asher and CB Jonathan Maxwell

HOCKEY

NATIONAL HOCKEY LEAGUE

BUFFALO —Named Don Lever associate coach

CHICAGO —Re-signed RW Tony Amonte to 5-year contract

FLORIDA —Named Jim Cirella assistant coach

LOS ANGELES —Agreed to terms with RW Glen Murray on 2-year contract. Agreed to terms with D Jaroslav Modry on 1-year contract

NEW YORK ISLANDERS—Agreed to terms with RW Mark Lawrence

NEW YORK RANGERS—Named Mark Piazza vice president of operations

OTTAWA —Signed D Jason York to multiyear contract.

COLLEGE

AUBURN—Announced WR David Hill has been dismissed from the football team

GUILFORD—Announced resignation of Robert Fulton, baseball coach

ILLINOIS STATE—Announced men's basketball C Sean Riley is transferring from Texas

SPORTS

The Wooing of a Star

How the Canucks Got Messier to Sign

By Jason Diamos
New York Times Service

VANCOUVER, British Columbia — It was Saturday, July 19, and Pat Quinn, the Vancouver Canucks' general manager, decided to take the initiative. The Canucks badly wanted to sign Mark Messier, so Quinn figured he would get a head start on other suitors by flying to Hilton Head Island to lobby the Messiers in person.

Quinn and another team executive, John Chapple, arrived in South Carolina the next day. Once there, they felt there was no going back.

"I named myself 'the thing that wouldn't leave,' " Chapple said. "My paranoia was that if we leave town, if no one's here, he's one of a kind. We looked at this as a once-in-a-lifetime opportunity. I said to John McCaw, 'I'll be kicking myself the rest of my life if I get on a plane now and someone swoops in and Mark goes somewhere else.' "

McCaw, the Canucks' billionaire owner, would put up the money. Quinn and Chapple would lavish the attention. The New York Rangers would offer precious little of either.

And the story of how Messier became a former Ranger, leaving a team and a city he did not want to leave, would play out over eight midsummer days on two coasts in two countries, ending Monday when Messier announced in Vancouver that he was joining the Canucks for approximately $20 million over three years.

Time and again, in explaining his decision, Messier said the overriding reasons were that the Canucks believed in him and had made him feel wanted.

That was part of the Canucks' strategy all along. Vancouver went to Messier. The Rangers never did, not even in early July when the team president, Neil Smith, was in the South anyway for a round of American Hockey League meetings. Nor had the Rangers called.

Into this void stepped the Canucks. Dissatisfied with the way the Rangers were negotiating, Doug Messier, Mark's father and agent, called Quinn and told him his son might be interested in playing for Vancouver.

The sides first met on Monday, July 21. "By Tuesday evening really, we already, in my mind, had crossed the threshold that this clearly made sense for Vancouver," Chapple said. "From a deal standpoint, it could make sense. And then from there, it went into, 'Is this the right thing for Mark?' "

That, of course, was for the Messiers to decide. Doug Messier told Quinn and Chapple that they had just about covered everything that needed to be covered. So, Quinn went home on Wednesday. But Chapple stayed on, trying to persuade the Messiers to fly out to San Francisco to meet with McCaw, the cellular phone entrepreneur who is based in Seattle, on his yacht. Chapple's persistence paid off.

In New York, however, Messier's close friends were saying privately that he still was not sure about moving, that he wanted to somehow remain with the team he helped guide to the Stanley Cup in 1994, breaking a 54-year championship drought.

"It was clear that he was wrestling with a highly emotional situation," Chapple said.

So that evening, Messier phoned the Rangers to give them one last chance. He wanted to know if New York's final offer was indeed for $10 million over two years, the figure the Rangers had leaked to the New York news media. Messier said that Smith's reply was one year, $4.6 million.

"And we said, 'Thank you, very much,' " Messier said. That is, thanks but no, thanks.

The signing was hailed in the Canadian news media as a victory for small-market Canadian clubs, whose influence has been steadily declining in the National Hockey League.

The Canucks are getting a 36-year-old center with six Stanley Cup rings, a proven leader and fierce competitor. But they will pay for it. Messier will earn $5 million a season for each of the next three seasons plus $1 million each season for promotions and marketing.

The contract includes team and individual incentives that could push the total close to $20 million — and the Canucks have team options for fourth and fifth years that could push the total value beyond $30 million.

So, Quinn was asked, did the Canucks overpay for Messier?

"That's a difficult question to answer," he said. "But we believe he's the player we needed."

And that, in the end, was the difference between the Canucks and the Rangers.

Pilar Olivares/Reuters

Jorge Soto of Sporting Cristal, center, struggling for control of the ball as Racing Club defenders move in.

Peruvian Team Reaches Cup Final

Reuters

RIO DE JANEIRO — Sporting Cristal became the first Peruvian team to reach the Libertadores Cup final in 25 years as it overcame Racing Club of Argentina in a semifinal match.

Cristal's foe in the final will be the former champions, Cruzeiro of Brazil, who beat Colo Colo of Chile on penalties in Santiago after their two-game tie ended with a 3-3 aggregate score.

Cristal, whose line-up includes the Ghanaian midfielder Prince Amoako, earned its berth in the finals by beating the 1967 champions, Racing, by a 4-1 score before a crowd of 45,000 to go through, 6-4, on aggregate. Luis Bonnet, who scored a crucial late goal in the first leg in Buenos Aires, fired the Peruvians in front after five minutes in Wednesday's game.

Marcelo Delgado scored on a header for Racing after 35 minutes to even the score, but Cristal regained the initiative

WORLD SOCCER

when Julio Rivera scored three minutes before the break. Bonnet scored again in the 51st minute before Nolberto Solano added an insurance goal 18 minutes from time.

Peru has been represented just once before in the final, when Universitario of Lima lost out to Independiente of Argentina in 1972. Along with Ecuador, Venezuela and Bolivia, Peru has never claimed the Libertadores Cup.

The Santiago game began half an hour late because of torrential rains and was marred by unsavory scenes at the end when Colo Colo players attacked a Cruzeiro substitute, Da Silva.

There was also a strange second-half incident in which a fan threw an object at a Cruzeiro striker, Elivelton, as he was about to take a corner kick. Elivelton threw the object back and was promptly sent off by the referee. Colo Colo's Brazilian midfielder, Emerson, was also shown the red card for two offenses.

A hat-trick by the former Chilean international, Ivo Basay, was not enough for Colo Colo, the only Chilean team to have won the competition. Trailing 1-0 from the first leg, Colo Colo leveled the tie when Basay scored with a 20th minute header. But Cruzeiro's Marcelo scored nine minutes later.

Basay converted two penalties in four minutes at the start of the second half to put the Chileans ahead on aggregate, but a 64th minute goal by Cleison, who beat the Colo Colo defense to a loose ball, sent the dramatic tie to penalty kicks.

Basay then undid his good work by firing Colo Colo's first effort right at the Cruzeiro goalkeeper, Dida, who went on to save the Chileans' next shot. Marcelo Espina then missed another attempt as Colo Colo's nerves broke.

■ No Joy in Belgrade After Loss

The weather was nice, but gloom prevailed Thursday in Yugoslavia, where a sports-mad nation was reeling from the 5-0 defeat of its beloved Partizan soccer team by its arch-rival, Croatia, The Associated Press reported from Belgrade.

"Net Full of Shame," read a headline in a Belgrade newspaper following Wednesday night's match in the Croatian capital, Zagreb.

Since the Croats narrowly lost, 1-0, in Belgrade in the first-leg match of the Champions League tie last week, they advanced on a 5-1 aggregate score.

The two matches in Belgrade and Zagreb were the first official ones between a Croatian and a Serbian soccer team since the two republics, once part of the former Yugoslavia, fought a bitter war.

Ali's Greatest: Christie's Sets Auction of Memorabilia

The Associated Press

So you'd like to own the robe that Muhammad Ali wore when he beat Sonny Liston and became heavyweight champion in 1964?

Or maybe you'd prefer the robe Ali wore when he won the heavyweight title for the second time by knocking out George Foreman in 1974.

Perhaps, you'd like the official cumulative score cards of Ali's upset, split-decision loss to Leon Spinks in 1978.

Or maybe a letter sent by Cassius Clay before he went to Italy and won a 1960 Olympic gold medal, which is signed, "Cassius Marcellus Clay 'Rome Bound.' "

These are among some of the more than 3,000 pieces relating to Ali's career and personal life that Ronnie Paloger has collected. They will be auctioned at Christie's Los Angeles on Oct. 19.

"I believe I accomplished the mission," said Paloger, of Los Angeles, who began his Ali collection in 1992. "This will allow millions of fans around the world to enjoy these things."

Don Flanagan, a sports specialist for Christie's, said, "This will be the first auction of its kind to focus on one sport and one major figure."

One of Paloger's favorite items is a six-page letter sent by Ali to the state director of Selective Service in Kentucky on Aug. 23, 1966, requesting a change in draft classification.

He wrote ". . . re-open and consider anew my classification as it now stands . . . so that my claim for exemption as a Minister of Religion, which has never before been submitted to the Local Board, may be determined." It is signed in black ink, "Muhammad Ali A.K.A. Cassius Marcellus Clay Jr."

Ali was convicted of refusing to accept induction into the military in 1967, stripped of the heavyweight title and banned from boxing until 1970. The conviction was overturned by the U.S. Supreme Court in 1971.

Another of Paloger's favorite pieces is the robe worn for the first Liston fight. It is white terry cloth, featuring the words "The Lip" and "The Greatest" on the back. It is signed on the back by Ali, and its estimated selling price is $40,000-$60,000.

The scorecards of the three judges for Ali's loss to Spinks are estimated at $30,000-$40,000, while the estimated price for the official scorecards for Ali's first fight against Liston is $60,000-$80,000. The two sets of scorecards are the only two known to exist from Ali's entire professional career.

Paloger said, "I was always a collector and in 1989, and I got back into sports memorabilia — baseball, basketball, etc. — and I was hooked."

Then he got hold of his first piece of Ali memorabilia. It was a 1974 training-camp check signed by Ali. He found out that boxing collecting was generally specialized — books, or posters, or pictures or gloves and so on.

"I wanted a comprehensive collection," said Paloger, who began collecting Ali items in 1992. "I would say it took thousands of dollars. It was five years nonstop. It was a lot of miles, a lot of sweat, a lot of tears, a lot of fun."

There will be a tour of auction highlights to Cleveland (Aug. 6-10), London (Aug. 27-31), New York (Sept. 13-19) and Chicago (Oct. 5-7).

Switzer Gives Cowboys a Texas Tongue Lashing

By Mike Freeman
New York Times Service

AUSTIN, Texas — Football fans have probably heard all about how relaxed the Dallas Cowboys' coach, Barry Switzer, is supposed to be, how he is nothing but a puppet for the team's owner, Jerry Jones. A baby-sitter who shares a laugh and a drink with his players, instead of disciplining them.

But after what happened during practice this week, those perceptions will surely be altered.

Maybe it was the blazing temperatures that prevailed as the Cowboys prepared for three days of scrimmages with the Oakland Raiders.

Maybe it was that Michael Irvin, Emmitt Smith and Erik Bjornson had all dropped easy passes minutes before.

Or maybe it was just that Switzer thought the team was so lethargic that it needed a major wake-up call — and that he needed to establish a new on-the-field demeanor for what looks to be a promising season for the Cowboys.

Whatever it was, about 90 minutes into a two-hour morning session on Tuesday, Switzer went into such a rage that if the Cowboys and Raiders fought 100 fights, the intensity may never reach that of Switzer's outburst.

Switzer launched into a two-minute, profanity-laced tirade that left his face red with anger and the team stunned. Much of his anger was directed at the offensive linemen Erik Williams and George Hegamin, who Switzer thought were not concentrating.

Several times he shoved Williams in the chest so hard that the 6-foot 6-inch (1.98-meter), 328-pound (148-kilogram) lineman took several steps back.

Then Switzer moved down the line, berating other linemen, and when he got to Hegamin, he smacked him on the side of his helmet several times. They were not love taps. Switzer bruised his hand.

Players and assistant coaches were shocked. Irvin, who had taken his helmet off, stood in total disbelief.

The Cowboys were shocked partly because they had never seen Switzer that angry, but also because Switzer was taking on Williams — a Pro Bowl tackle and one of the team's most valuable players — in front of the players, dozens of reporters and thousands of fans.

It is always dicey when a coach takes on a star player publicly. Switzer has yelled at his players before, but never at that level. And he had never slapped one of them. And all of this was before the Raiders even showed up in Texas.

"Some guys started to feel sorry for themselves," Switzer said. "We weren't executing. Dropping balls. Everything."

The Cowboys' lack of concentration was unusual. The team is having one of its best camps in recent years. Irvin, who always practices hard, seems to have raised his level even higher. And he is taking the team with him.

After Switzer's blowup, there was another example of the intensity of the practices and just how serious this team seems to be on getting back to the Super Bowl.

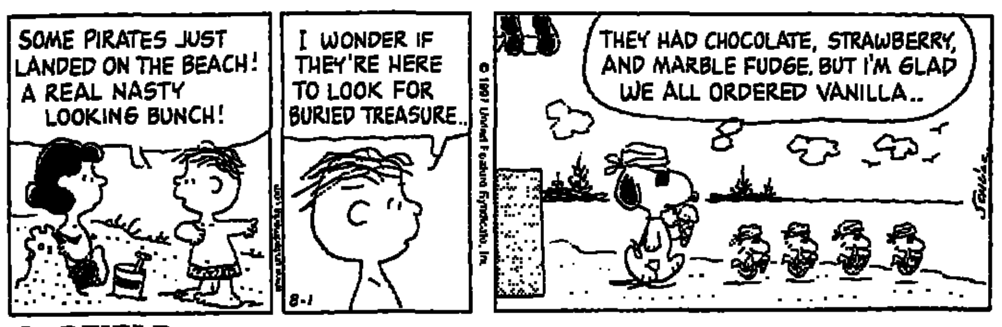
Dallas, like a lot of teams, hires officials to referee their practices. When a Cowboys defensive back was called for pass interference, he went into orbit, screaming at the official. Soon, the entire secondary joined in. They were so angry that even the official seemed surprised at the outburst.

Remember, it was only practice.

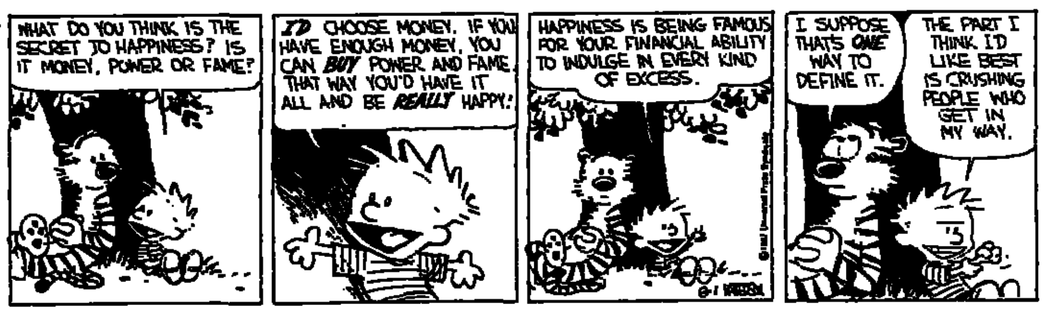
DENNIS THE MENACE

"THE SITTER TOOK TWO ASPIRIN AND SAID TO CALL HER IN THE MORNING."

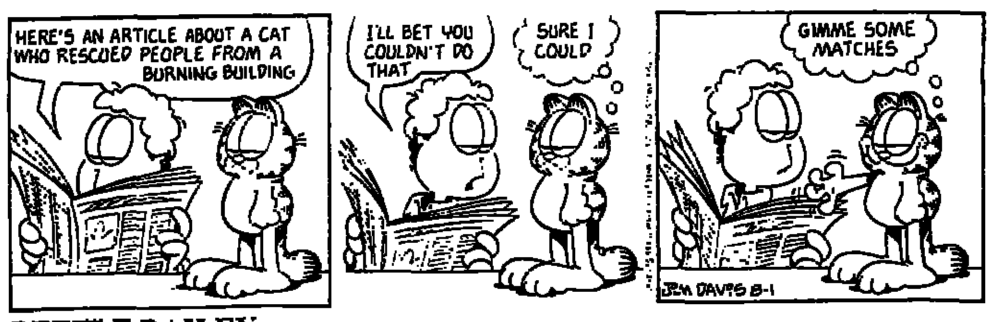
PEANUTS


SOME PIRATES JUST LANDED ON THE BEACH! A REAL NASTY LOOKING BUNCH!
I WONDER IF THEY'RE HERE TO LOOK FOR BURIED TREASURE..
THEY HAD CHOCOLATE, STRAWBERRY, AND MARBLE FUDGE, BUT I'M GLAD WE ALL ORDERED VANILLA..

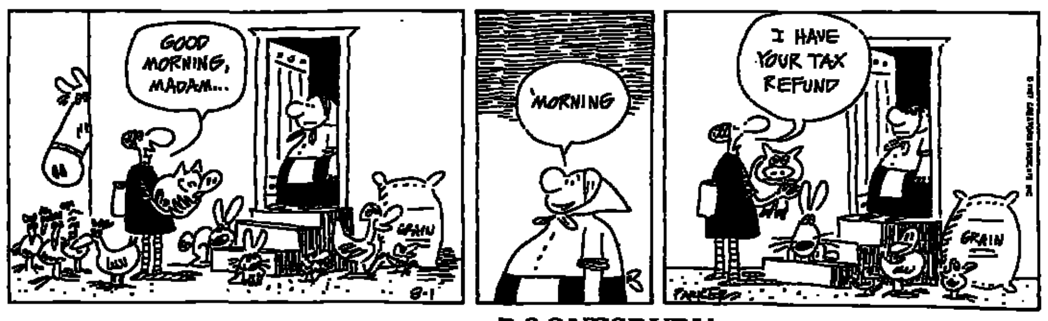
CALVIN AND HOBBES


WHAT DO YOU THINK IS THE SECRET TO HAPPINESS? IS IT MONEY, POWER OR FAME?
I'D CHOOSE MONEY. IF YOU HAVE ENOUGH MONEY, YOU CAN BUY POWER AND FAME. THAT WAY YOU'D HAVE IT ALL AND BE REALLY HAPPY!
HAPPINESS IS BEING FAMOUS FOR YOUR FINANCIAL ABILITY TO INDULGE IN EVERY KIND OF EXCESS.
I SUPPOSE THAT'S ONE WAY TO DEFINE IT.
THE PART I THINK I'D LIKE BEST IS CRUSHING PEOPLE WHO GET IN MY WAY.

GARFIELD


HERE'S AN ARTICLE ABOUT A CAT WHO RESCUED PEOPLE FROM A BURNING BUILDING
I'LL BET YOU COULDN'T DO THAT
SURE I COULD
GIMME SOME MATCHES
JIM DAVIS 8-1

WIZARD of ID


GOOD MORNING, MADAM...
'MORNING
I HAVE YOUR TAX REFUND
GRAIN

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

NUEQE

NUDAT

MENIER

RUFTUE

WHAT HE ENDED UP GETTING WHEN HE STRUCK OIL.

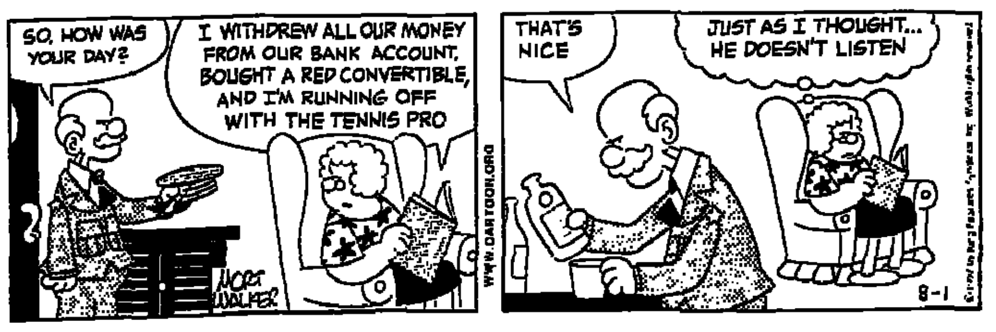
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Yesterday's Jumbles: MIRTH DINER FAUCET EXCISE
Answer: The last quarter of a tight game can turn into this — "CRUNCH" TIME

BEETLE BAILEY


SO, HOW WAS YOUR DAY?
I WITHDREW ALL OUR MONEY FROM OUR BANK ACCOUNT, BOUGHT A RED CONVERTIBLE, AND I'M RUNNING OFF WITH THE TENNIS PRO
THAT'S NICE
JUST AS I THOUGHT... HE DOESN'T LISTEN
WWW.CARTOON.ORG

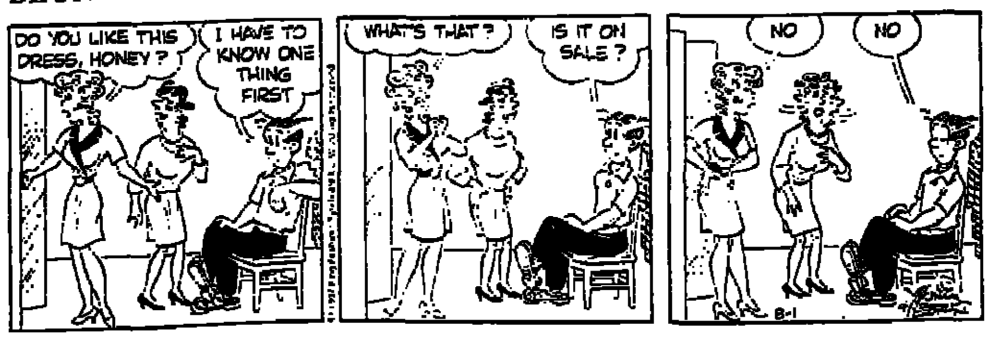
NON SEQUITUR

WELCOME TO THE DARWINIAN GENEPOOL PRESERVE.
GO AHEAD AND LEAN OVER THE SAFETY RAIL AS FAR AS YOU LIKE OR HAND FEED THE CARNIVORES.
©1997 Wiley Miller/ dist. by Washington Post Writers Group

DOONESBURY

TIGER, JUST DOING IT, TO NIKE.
AND THANKS TO KIM, I NOW KNOW BETTER THAN TO HAVE ANY FURTHER DEALINGS WITH NIKE...
I HAVE ONLY TWO REGRETS: FIRST, THAT I DIDN'T DISASSOCIATE MYSELF EARLIER, AND SECOND, THAT I DIDN'T MEET THIS LOVELY YOUNG WOMAN BEFORE SHE MARRIED!
WHAT?..
I COULD GET A DIVORCE! I COULD GET A DIVORCE!
KIM! WAKE UP! YOU'RE HAVING A NIGHTMARE!

BLONDIE


DO YOU LIKE THIS DRESS, HONEY?
I HAVE TO KNOW ONE THING FIRST
WHAT'S THAT?
IS IT ON SALE?
NO
NO

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هكذا من الأصل

POSTCARD

Doing It by the Book

By Marlise Simons
New York Times Service

MONTOLIEU, France — In its first life, this mountain village in southern France lived off vineyards and olive groves and, blessed with fast torrents, it built water mills to drive the wheels of textile and paper plants. That era ended half a century ago when far-off countries started making these products far more cheaply.

In its second life, Montolieu went the way of many other European villages: The old farmers were encouraged to abandon the fields to avoid overproduction of wine grapes and olives and the young people left for the cities. Then the kindergarten closed. Montolieu was dying.

This community, which once had more than 3,000 people, has only 800 today. But now it has audaciously invented a third life.

Ignoring the Internet age, Montolieu has devoted itself to books. Its narrow streets count one bakery, one grocery, one butcher, one bistro and 12 bookstores, filled with rare and second-hand volumes. Other dealers are on the way.

□

The devotion to the printed word has also attracted a binder, a printer and a stationer. And on a recent weekend, apprentices of all ages sloshed through vats of pulp as they learned how to mold handmade paper while on the other side of town adepts were practicing calligraphy.

"It's comforting to think that old books have been the engine of all this," said Max Delperieur, who doubles as mayor and local headmaster.

Counting the many spin-offs of this love of letters, he said that the grocer, the butcher and the car mechanic had increased their incomes and many others had found work renovating crumbling 18th-century houses, turning them into shops or country homes for the newcomers.

And so it was that Montolieu, which is not on the way to anywhere and is tucked amid rocks and woodlands, had almost 100,000 visitors last year.

"These are not polluting tourists," noted the mayor. "Book lovers are generally calm people. They don't make a racket, they don't throw plastic around, they respect the landscape."

□

Montolieu's remake is not a first. When Michel Braibant, a bookbinder from nearby Carcassonne, first proposed the idea in 1989, he got in touch with Richard Booth, who had turned his native Hay-on-Wye in Wales into a book village in the early 1960s. The binder also wrote to Noel Anselot, a dealer in Redu, Belgium, another book village. The Welshman and the Belgian were the first to open stores here, followed by a Dutchman from Rotterdam. Thus encouraged, French entrepreneurs arrived.

Most shopkeepers and graphic artists are not from the region. "Quite a few of us have fled the rat race," said Yann Lartisien, 30, the owner of The Drunken Boat. Four years ago he had an import-export business in Le Havre and came here as a client.

"Books were always my passion," he said, caressing a tome on the voyages of the navigator James Cook and the 1908 Lloyd's Register of Yachts. "I learned the trade from the other dealers," he said. "We all know each other. Life is good here."

Corporate Downsizing? For a Writer, It's Murder

By Blaine Harden
Washington Post Service

NEW YORK — If you were "downsized" after decades of loyal service to a company, what would be the most productive way to channel your feelings of betrayal? Here's a thought:

Find Dad's old World War II German Luger, oil it up, take some target practice and bump off the five most qualified competitors for the specialized middle-management job that you know best. Let's say the first murder goes wonderfully well: Your victim walks outside to check the mail. Baam! A point-blank shot into his left eye. But complications quickly arise. To get at No. 2, you have to shoot his nettlesome spouse. To find No. 3, you must track him to a garden-supply shop and shoot him twice in the face while he's loading up on peat moss. Then, to elude police, you improvise alternative methods of killing, running over No. 4 with a Plymouth Voyager and bashing the skull of No. 5 with a hammer. Finally, you eliminate the man who actually has the job you want, asphyxiating him with duct tape.

Along the way, you become so comfortable with murder as a solution to life's puzzlements that you give serious thought to shooting your wife's lover, as well as that annoying elderly lady who takes too long backing her car out of a parking space at the shopping center. But, of course, you do no such thing. You are not crazy. You are channeling your anger in a productive way.

Donald Westlake, the mystery writer who cooked up this job-search recipe and neatly lays it out in his new novel, "The Ax," was in New York the other day, talking about murder and productivity in modern America.

He was sitting in a nearly empty restaurant on the Upper East Side shortly before the lunch hour when this question came up: "Is that your definition of murder, then, channeling anger in a productive way?"

The question made Westlake laugh. It was a childlike laugh — light, lilting, almost helpless with mirth. And it was spooky. "The Ax" isn't an especially funny book. It is, as reviewers have said, "savage," "relentless," "excruciatingly brilliant." It seduces readers into cheering the snuffing out of innocent middle-aged men. It makes a plausible case that murder is a rational response to CEOs who fire legions of loyal employees to perk up stock prices. It spindles one's sense of right and wrong.

So what's with the laughter?

Westlake, a gangly, loose-limbed man of 64, with great tufted eyebrows and a bald head fringed in white, usually writes comic capers. Robbery, burglary and murder are almost always good, clean fun in the more than 40 novels he has written under his own name and assorted pseudonyms.

After a good long while, the author stops laughing.

He says he definitely is not recommending murder, although he adds, parenthetically, that he just received a fan letter from an unemployed middle manager in Connecticut who wrote that "having read your book I cannot believe the thought of murder never occurred to me."

"Try to find another way," Westlake says, advising readers out there who may be inspired by his prose. "But remember that, in truth, all bets are off. What I say in the book is that the moral code of our times is that the end justifies the means. I think that is true. That is what every issue of every newspaper is telling us."

Down in Greenwich Village, a mystery bookshop called Partners & Crime has put "The Ax" in a display window next to a New York Post clipping about corporate layoffs. The news story is about International Paper's recent announcement that it will reduce its work force by 9,000 jobs.

It so happens that the protagonist of "The Ax," Burke Devore, was laid off from a paper company. Devore coolly notes: "If I were still at Halcyon Mills . . . I wouldn't be killing people."

Before he becomes an unemployed murderer, the hero of "The Ax" is told by Halcyon Mills that his job has "ceased to go forward." This euphemism "snagged my eye," Westlake says, because it was the one AT&T coined when it got rid of thousands of mid-level employees.

"Somehow that was supposed to be a softening phrase. But it isn't. It is a chilling phrase," he says. "Because if you think about it, your job is not going forward, but from your peripheral vision you can see other jobs that are going forward. So it is like death, a description of death."

The slow-motion death that guys in their 50s like Burke Devore are forced to endure occurs in handsome houses in rural Connecticut and upstate New York and western Massachusetts, as bills stack up, as marital pressures mount, as dozens upon dozens of resumes are written, photocopied and mailed off and as nothing at all happens.

It is in this sylvan world of stone walls and tulip gardens that Westlake sets all the murders in the book. He knows the landscape well, having settled there seven years ago with his third wife in an upstate village called Gallatin, which has just 12 houses. Born in New York City, raised in Albany and educated "in colleges all over New York state, with no degrees," Westlake has a loving eye for the Northeast exurbs where life looks so comfortable.

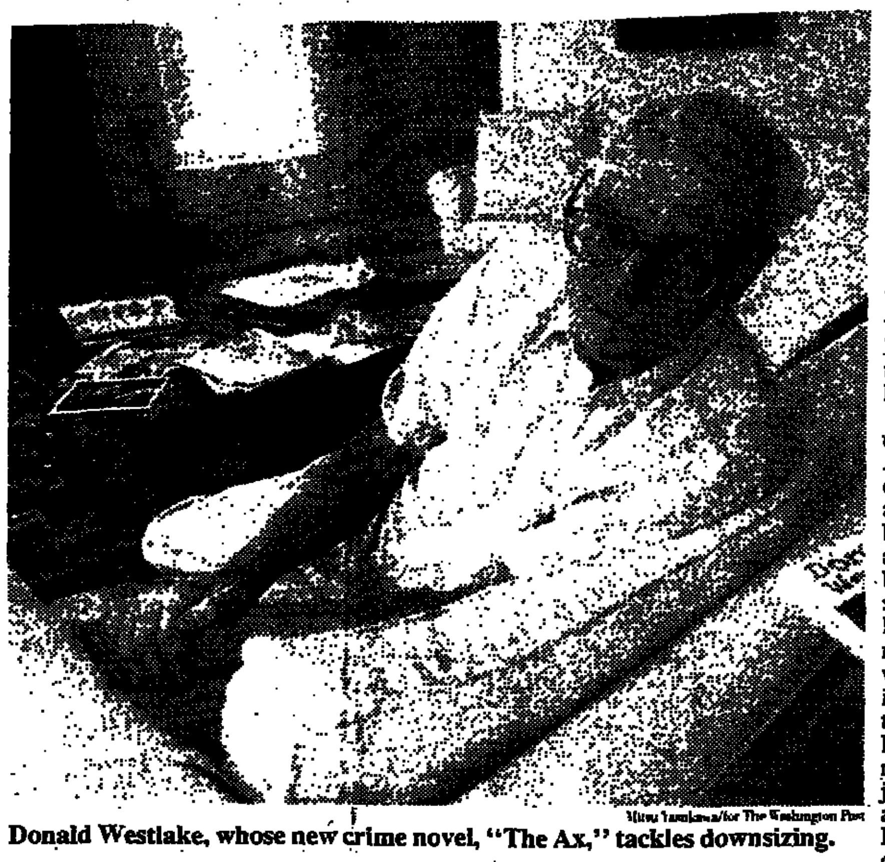
"It's so pleasant here," Westlake's hero muses, "as though there are no problems in the world, as though there was nothing difficult I had to do."

What is perhaps most discombobulating about "The Ax" is that its hero, by murdering well, becomes a more attentive father and husband. When Devore's teenage son, Billy, gets caught burglarizing a software store, his father shrewdly limits the legal damage. He rushes home from a meeting with police and destroys evidence, tossing out mountains of stolen software that Billy has hidden in his bedroom. The police can pin just one burglary on Billy, and the judge lets him walk. Billy suddenly loves his dad, and Devore's wife is so grateful for her husband's devotion to the family that she stops sleeping with another man.

"I always believed that I and my family and my home and my possessions and my neighborhood and my world were exactly what the police were here to safeguard," Devore says in the book. "But now I understand, they aren't here for us at all, they're here for themselves, and they are not to be trusted."

These kinds of thoughts, Westlake explains, occur to law-abiding, middle-class Americans only when the rug is pulled out from under them.

"It is the loss of faith," he says. "That is what I wanted to show. When faith is gone, you are dealing with another kind of character."



Mitsu Yasukawa/for The Washington Post

Donald Westlake, whose new crime novel, "The Ax," tackles downsizing.

PEOPLE

Prime Minister Tony Blair and Noel Gallagher partying at 10 Downing Street.

THE cream of the British arts turned up at 10 Downing Street for a drinks party hosted by **Prime Minister Tony Blair** to mark three months in power for his Labour government. Among the guests were the classical actor **Sir Ian McKellan**, the film director **Sir David Puttnam** and the director of the Oscar-winning "The English Patient," **Anthony Minghella**. Another guest, the **Oasis** songwriter and guitarist **Noel Gallagher**, said he had only decided to come because his mother told him to. Gallagher was given a tour of No. 10 Downing Street, Blair's office, along with **Neil Tennant** and **Chris Lowe of Pet Shop Boys.**

□

Naomi Campbell has a new family tie: **Nelson Mandela** has made her an "honorary granddaughter." Campbell took time out from supermodeling to meet with the South African president five times, most recently in his office in Johannesburg. He asked her to help him work on a fund to help impoverished and sick children. On Sept. 26, she will accompany him on the first run of the newly renovated, luxurious Blue Train, which will go from Pretoria to Cape Town. . . A statue of the South African black-consciousness leader **Steve Biko** will be unveiled by Mandela on Sept. 12, the 20th anniversary of Biko's death in detention. Mandela will also rename a bridge in Biko's honor in the coastal city of East London, Biko's friend **Donald Woods** said in a statement.

□

Lisa Marie Presley, daughter of **Elvis** and former spouse of **Michael Jackson**, has moved into a home near a Scientology retreat in Clearwater, Florida. Presley, 29, has long been a member of the Scientology movement, which was founded by a former science fiction writer, **L. Ron Hubbard.**

□

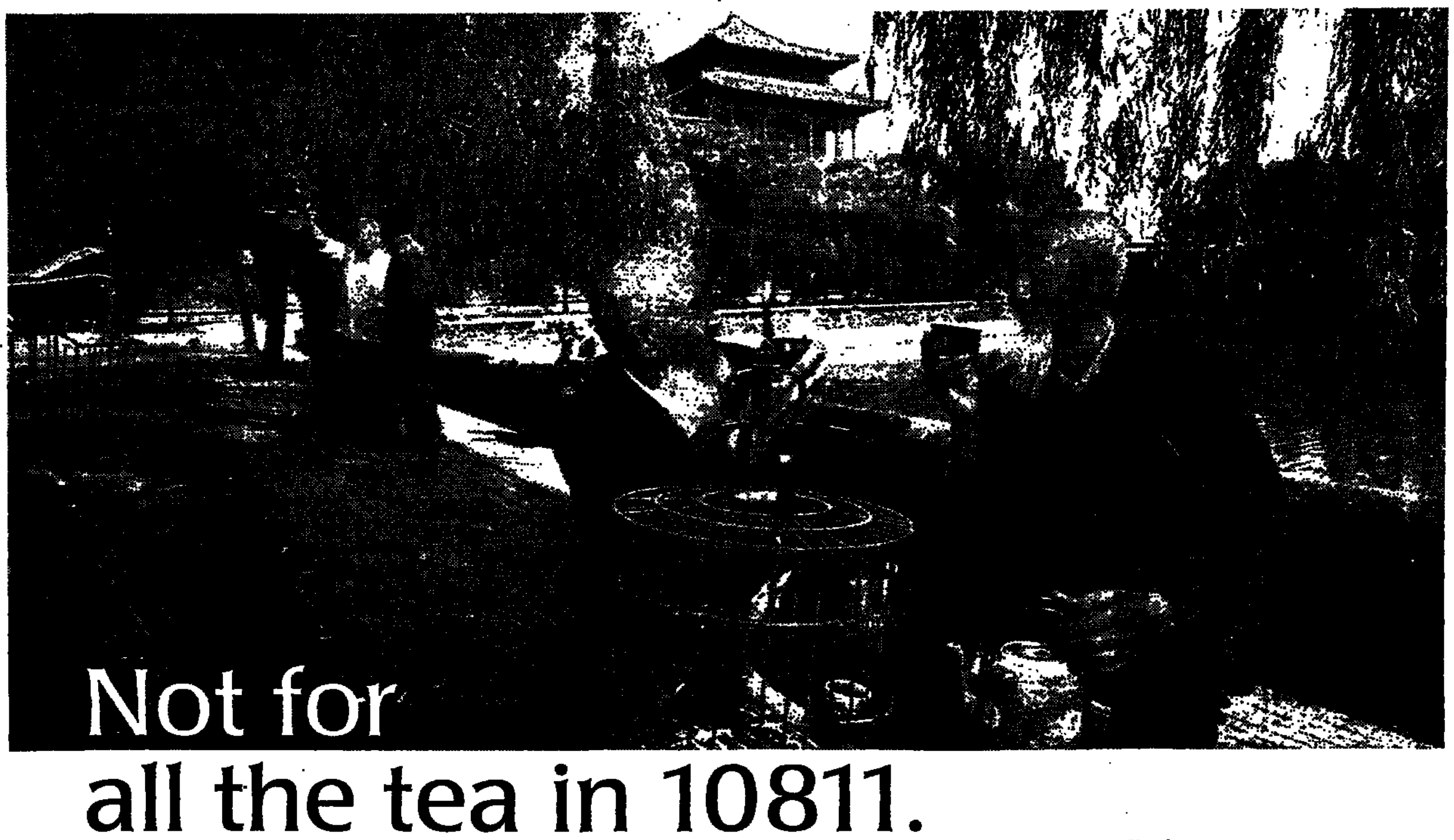
After more than 30 years as one of the world's most famous bachelors, **Omar Sharif** has reportedly married for a second time. Friends of Sharif, 65, said he had wed **Nadiya Aja**, the 50-year-old daughter of a Saudi tycoon, at a Red Sea resort in April. The Egyptian-born star of "Doctor Zhivago" once said that he only loved his first wife, the Egyptian actress **Faten Hamama**. Their 10-year marriage broke up in 1965.

□

"I am having the wedding I dreamed I would have when I was 6 years old. I am not having the 'mature woman' wedding. I am wearing a white, poufy bridal gown." So said **Cathy Guisewite**, 46, creator of "Cathy," the underemployed, overweight shopaholic comics page heroine. It will be the first marriage for Guisewite, who five years ago adopted a daughter named Ivy. She met her intended — "Nixon" screenwriter **Christopher Wilkinson**, 46 — at a dinner where they hardly spoke to one another. But Wilkinson, the divorced father of a 17-month-old son, took her out a few days later, and things haven't been the same since. They'll wed in November in Los Angeles, where both live.

□

A mountaineer's hope of becoming the first Briton to conquer all 14 of the world's 8,000-meter peaks was thwarted by a sneezing fit brought on by the flour from a chapati. The accident on the 8,125-meter (26,812-foot) Nanga Parbat, on the Pakistan-Afghanistan border, left **Alan Hinkes** in apparent agony and unable to move after slipping a disc in his back, newspapers said. "The flour covering the chapati got up my nose, causing me to sneeze violently and strain my back," Hinkes, 43, was quoted as saying by satellite telephone from a base camp. He said he hoped to continue his quest in September. Hinkes has already climbed nine peaks, including Everest and K2, the world's two tallest mountains. Only five climbers in the world have managed all 14 mountains.



all the tea in 10811.

Every country has its own AT&T Access Number which makes calling home or to other countries really easy. Just dial the AT&T Access Number for the country you're calling from and you'll get the clearest connections home. And be sure to charge your calls on your AT&T Calling Card. It'll help you avoid outrageous phone charges on your hotel bill and save you up to 60%* (remember that old Chinese proverb—a yuan saved is a yuan earned). Check the list below for AT&T Access Numbers.

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Czech Republic▲	00-42-000-101
France	0-800-99-0011
Germany	0130-0010
Greece●	00-800-1311
Ireland☐	1-800-550-000
Italy●	172-1011
Netherlands●	0800-022-9111
Russia●▲(Moscow)▸	755-5042
Spain	900-99-00-11
Sweden	020-795-611
Switzerland●	0800-89-0011
United Kingdom▲	0500-89-0011
	0800-89-0011

MIDDLE EAST	
Egypt●(Cairo)▸	510-0200
Israel	177-100-2727
Saudi Arabia○	1-800-10

AFRICA	
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